MEXICO:

A MARKET FOR U.S. PRODUCTS

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A Market for U.S. Products in MEXICO

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U.S. DEPARTMENT OF COMMERCE
John T. Connor
Secretary

Alexander B. Trowbridge
Assistant Secretary for
Domestic and International Business

BUREAU OF INTERNATIONAL COMMERCE
Lawrence A. Fox
Director

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FOREWORD

This U.S. Department of Commerce study provides the U.S. businessman with detailed information on the export sales possibilities in Mexico, the largest market for U.S. products in Latin America. In 1964, Mexico purchased goods valued at $1 billion, or 68.5 percent of its total imports, from the United States. This made Mexico the United States fifth best customer in the world for that year.

Prospects for the continuation of a high level flow of U.S. exports to Mexico are excellent. The country is experiencing a steady rate of economic growth and its broadening industrial base will require substantial quantities of imported capital and producer's goods on a sustained basis.

Mexico's purchasing power is good; it has maintained a high level of gold and foreign exchange reserves in recent years; it has no controls on foreign exchange transactions; its currency has been maintained at the same rate in relation to the dollar since April 1954 and it enjoys a sound credit position in international money markets. On the negative side, it should be noted, however, that Mexico maintains a system of import controls.

Paul Flores coordinated the preparation of this report under the direction of Claude Courand, Director, American Republics Division, Bureau of International Commerce. Mr. Flores, now of the American Republics Division, first worked on this report while Commercial Officer, U.S. Embassy, Mexico City, Mexico, under the direction of Gilbert E. Larsen, Commercial Attache. Other contributors to this report include Harry R. Zerbel, Robert L. Bruce, Morris Kaufman, Ruth B. Ortega, Charles G. Mueller, and Joseph B. Kyle, all of the Embassy staff; and Mrs. Irene B. Johnson and Mrs. Katherine E. Rice, both of the American Republics Division of the Department of Commerce.

LAWRENCE A. FOX
Director, Bureau of International Commerce

June 1966

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Natural Resources

Land—Area 761,600 square miles.

Climate—Temperature ranges with altitude from hot (77°-94°F.) to temperate (75°F.) to cool (53°-63°F.). Mexico has insufficient rainfall.

Minerals—Production (1965) in 1,000 short tons: iron ore 1,686; zinc 248; lead 187; manganese 65; copper 76; silver 1.4; sulfur 1,739; coal 2,167;; gold 215,791 troy ounces; crude oil (1964) 115.6 million barrels (42 gallons each).

Forestry—Forested: 86.5 million acres; utilized: 10 million acres. Lumber production, 1964: 2.6 million cubic meters.

Fisheries—Commercial fish exploitation (Pacific and Gulf of Mexico). Total catch 1964, 218,000 short tons. Shrimp a major export product.

Livestock—64.4 million head (1964) of which 26.8 million head, bovine; 12.6 equine; 9.3 porcine; 6.5 ovine; and 9.2 caprine. Poultry, 75.5 million head.

People

Population—1965: 41 million with 52.6 percent urban. 1960 census: 34.9 million, of which 51 percent urban. Estimated population of Mexico City, Federal District (1965) 6 million.

Language—Spanish is official.

Education—Compulsory for primary grades. In addition, numerous private, intermediate, and technical schools; National, State, and private universities. Literacy in population over six, 71.1 percent in 1964. Federal public educational and cultural budget (1966) $380 million.

Labor—Economically active population (1960 census) 11,332,016; in agriculture/forestry/livestock/fishing 54.2 percent; manufacturing 13.7 percent; service 13.4 percent; commerce 9.5 percent; transportation and other 9.2 percent. Estimated labor force (1965), 13.2 million.

Finance

Currency—Peso (12.50 to US$1). No exchange control; monetary circulation December 31, 1965, $2,365 million. Bank of Mexico net foreign exchange reserves (December 1965). $510.8 million.

Domestic Credit—Fund sources: Domestic banks; financieras, that is, industrial investment banks; 3 stock exchanges; foreign banks.

Domestic Investment—Private fixed investment (1963) 52 percent of total investment. Public/private investments (1964) $2.8 billion, (1963) $2.2 billion.

National Budget—1966: $4.2 billion, of which $2.6 billion for 20 of the Principal Government decentralized agencies and state-owned enterprises and $1.6 billion for regular Federal budget. Of latter, allotments are: economic development 38 percent; social development 39 percent; military/administration/public debt 23 percent.

Foreign Aid—Loans contracted through the State Development Bank, Nacional Financiera, S.A. (1965) in millions of dollars: 380 of which 149.7 from U.S., 171.8 from international organizations, 57.7 from Europe, 0.8 from Canada.

Balance of Payments—Favorable in 1965 for fourth successive year; however, Mexico continues to have current account imbalance. Government has $345 million standby credits in U.S..

Economy

Gross National Product—In current prices (1965) $19.4 billion. Per capita income about $410. 1964 GNP of $18 billion was divided percentagewise thus: agriculture/livestock/forestry/fishing 17.7; mining 1.8; petroleum and coke 3.3; manufacturing 25.1; construction 3.8; electric power 1.5; transport and communications 4.4; commerce 26.3; government 2.8; other 13.3

Agriculture—Mexico 95 percent self-sufficient in foods; has wide range temperate/tropical products. Principal exports: cotton, coffee, sugar, vegetables, fruits.

Industry—Semi-developed, growing rapidly, except for mining which has declined. Index of volume of industrial production in general (1960, 100) grew from 46.7 in 1950 to 141.8 in 1964.

Commerce—Wholesale prices in Mexico City rose 4.2 percent in 1964 and 1.9 percent in 1965. Government controls prices of about 50 basic necessities.

Tourism—Tourist income helps pay for Mexico's trade deficit. In 1965, 1.4 million tourists entered interior (1.2 million in 1964). Net revenues from tourist trade and border transactions in 1965 totaled $368.5 million.

Government

Mexico is a federal, democratic republic of 29 states, two territories, and a federal district. The President, Congress, Judiciary, and State Governors are elected by direct universal suffrage in effect since 1955. The Territorial Governors are appointed by the President.

Mexico's bicameral Congress is composed of a Senate, made up of 60 Senators (2 from each State and 2 from the Federal District), and a Chamber of Deputies (1 deputy for each 200,000 of the population, or a minimum of over 100,000 for each electoral district). Senators and Deputies are elected for six and three years, respectively.

Foreign Investment

In 1964, $150.1 million inflow, representing 5.1 percent total Mexican investment. Total U.S. direct investment in 1965 about $1.2 billion with two-thirds in manufacturing.

Foreign Trade

Imports—(1965) $1,560 million; exports—$1,111 million. 1964 imports, $1,493 million; exports 1964, $1,032 million. U.S. market share (1964) 68.5 percent. U.S. purchased (1964) 59 percent Mexico's exports. Closest competitors were West Germany (6.5 percent), Canada (4.1 percent), U.K. (3.3 percent), France (2.5 percent). Major imports: heavy industrial/agricultural/construction machinery; transport/communications equipment; semimanufactured/raw materials. Major exports: agricultural products; cattle/beef; minerals; shrimp; hard fibers; textiles.

Policy—Protection of national industry; substitution of domestic products for imports and promotion of exports of manufactured and semimanufactured products; geographic and commodity diversification of foreign trade. Mexico has no trade agreement with United States, is not a member of GATT, is member of LAFTA to whose members it grants tariff concessions.

Prospects—For continued high level of imports/exports are good.

CORRETTO FISCAL

CHAPTER I

Market For U.S. Products

Mexico, with a fast-growing population, a politically and financially stable government, a self-sustaining agricultural base, and a rapidly expanding industrial economy offers an important and growing market for both domestic and foreign products.

TRADE SUMMARY

The Mexican market today is primarily a producer's goods market, with 80 percent of total Mexican imports composed of heavy industrial plant equipment, construction machinery, automotive vehicle parts, tractors, agricultural equipment, locomotives, railway rolling stock, power and communications equipment, iron and steel bars and scrap, chemicals, and a variety of raw and semi-processed materials for industry.

The consumer's market—20 percent of the total—includes such items as foodstuffs, unassembled automobiles, tobacco, books, scientific apparatus, and antibiotics.

The United States is Mexico's leading supplier and Mexico's principal customer. Mexico is the United States most important customer in Latin America and in 1964 was its fifth largest customer in the world.

The U.S. share of the Mexican market was 68.5 percent in 1964, as against 68.6 percent in 1963. This share reached an alltime high of 89.7 percent in 1944 when, under wartime conditions, Mexico was cut off from nearly all other foreign trade sources.

The steady decline in the U.S. share since then has resulted from the return of world trade to its more normal peacetime pattern and from Mexico's determination to diversify its trade geographically. In view of these factors, U.S. suppliers must sell aggressively and intelligently if the U.S. position is to be maintained in the Mexican market.

Mexican imports have risen appreciably in recent years as a result of the country's expanding economy. They reached an alltime high of $1,561 million in 1965 as compared with $1,493 million in 1964.

Mexican exports in 1965 rose to $1,111 million, as compared with $1,022 million in 1964, an increase of 8.6 percent. In 1965, Mexico's trade deficit was $450 million as compared with $471 million in 1964 (see table 1).

Imports from the United States amounted to $1,023 million in 1964 compared to $850 million in 1963, an increase of 20 percent (see table 2). Mexico's exports to the United States in 1964 increased 2.1 percent—from $597 million in 1963 to $609 million in 1964 (see table 3).

European competition in the Mexican market has increased in recent years, and West Germany is now the United States main competitor in this market, supplying 6.5 percent of the market in 1964 and 6.6 percent in 1963. It is followed in importance by the following countries in percent of 1964 total (1963 percentages shown in parentheses): Canada 4.1 (3.5); United Kingdom, 3.3 (3.5); France, 2.5 (2.7); Italy, 2.2 (2.3); Switzerland, 1.8 (2.2); and Japan, 1.8 (2.1).

United States exporters have many advantages in trading with Mexico. For example, Mexico's location adjoining the United States permits fast delivery, low transportation costs, and easily accessible servic-

ing and technical assistance. United States products have a reputation for quality, many of them are long established and well liked.

However, other foreign suppliers are competing aggressively by offering lower prices, introducing certain products which are specially adapted to the needs of the market and, in some instances, offering more favorable credit terms than those extended by U.S. suppliers.

The market for consumer goods is not good. Consumer products are produced domestically. Imports of foreign competing lines are usually restricted or excluded by licensing controls intended to protect domestic producers and to conserve foreign exchange for the importation of the more essential producers goods. From 1959 to 1962, consumer goods imports averaged $214 million annually and represented 19 percent of the value of total imports. In 1963 and 1964, they amounted to $283 million and $300 million, respectively, and accounted for 23 and 20 percent, respectively, of total imports. The rise in 1963 was accounted for principally by substantial imports of corn, processed milk, and unassembled automobiles and parts. However, by 1964, milk imports were declining and Mexico had become an exporter of corn. Imports of automobiles and parts will decline as the domestic auto manufacturing program progresses.

Imports of capital producer's goods, on the other hand, should continue to increase at a steady pace. Normally, they amount to about 80 percent of the total and consist of all types of machinery, trucks, tractors, locomotives, aircraft, communications equipment, and electrical generating equipment. In addition, processed and/or semimanufactured goods used as producers goods in industry include some items which are also consumer-type goods, such as natural and artificial rubber, petroleum and its products, fertilizers, insecticides, industrial chemicals, newsprint, and plastic materials.

Mexico has programs designed to expand its production of both consumer durables and producer's goods. Nevertheless, the need for industrial raw materials and equipment should continue to grow as the economy expands.

Imports of Consumer's and Producer's Goods, 1959-64

[Millions of dollars]

Year	Imports, total	Imports of consumer's goods	Percent of total	Imports of producer's goods	Percent of total
1959	1,006.6	199.7	19.8	806.9	80.2
1960	1,186.4	222.0	18.7	964.4	81.3
1961	1,138.6	222.2	19.5	916.4	80.5
1962	1,143.0	228.9	20.0	914.1	80.0
1963	1,239.7	282.6	22.8	957.1	77.2
1964	1,493.0	300.0	20.0	1,193.0	80.0

Source: Nacional Financiera, S.A., *La Economia Mexicana en Cifras*, Mexico, D.F., 1965.

IMPORT TRADE POLICY

Mexico's general policy regarding imports is protectionist. Its import licensing system is designed principally to encourage and protect domestic producers, to direct investment into those economic sectors requiring increased production, and to assure that foreign exchange is primarily utilized for essential imports. The policy grew out of post World War II balance-of-payments difficulties, export problems, economic development policies, and Mexico's general economic philosophy. Major objectives of its policy are import substitution by domestic products and geographic diversification of its foreign trade. Import substitution reflects Mexico's desire to obtain maximum self-sufficiency; diversification reflects a desire to develop markets and obtain sources of supply in addition to the United States. To execute its policy, Mexico has tightened its restrictions on imports to the extent that increased agricultural and industrial production has made it possible to do so.

Import substitution has been implemented by import licensing, enforced domestic industrialization, tariff barriers, Government purchasing policies, trade and payments and compensation agreements, and participation in the Latin American Free Trade Association—LAFTA—an organization composed of 8 South American countries and Mexico which seeks to liberalize trade between member countries through the granting of mutual tariff concessions. Mexico does not belong to the General Agreement on Tariffs and Trade—GATT, the international organization which tries to lower barriers on world trade through multilateral tariff negotiations.

By mutual consent and on Mexican initiative, the Mexico-United States Trade Agreement of 1942 was terminated in 1950. Thus, the United States and Mexico have no contractual agreement under which trade problems can be discussed.

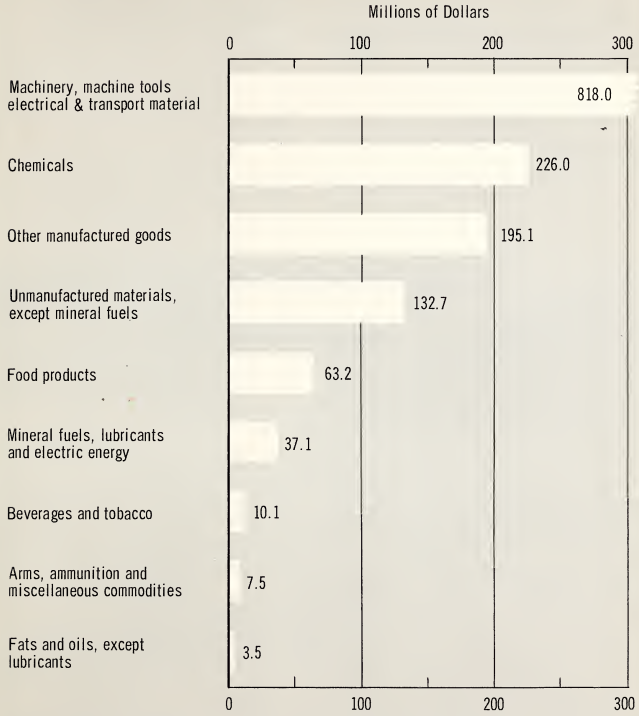
Import licenses are Mexico's most effective means of controlling imports. Thirty-two regular committees plus 8 advisory groups representing the most important segments of industry screen import license applications.

The import licensing controls are not discriminatory; they apply equally to all countries except those in LAFTA. However, the impact of the licensing restrictions tends to be felt heaviest in the United States which has the largest share of the Mexican market.

The practice is to deny or seldom allow requests for licenses to import products of a kind made in Mexico. In 1964, 65 percent of total imports by value were subject to import licensing and the number of items subject to licensing controls is increasing. As a result, imports of consumer's goods have declined in recent years. Imports of producer's goods are of major importance.

Chart 1

Mexico Buys From Abroad, 1964



Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos, 1964, Mexico, D.F., 1965.

Enforced industrialization has also been used to implement the import substitution policy. This policy was initiated in 1962 when the Government decreed that typewriters and automotive vehicles must be manufactured in Mexico, within a specified period of time. Since then, similar decrees have required the manufacture of agricultural tractors, certain kinds of construction machinery, and diesel engines. The usual procedure has been to require interested firms to submit manufacturing programs to the Government within a specified time limit. The plans are then reviewed by the Government, and those that meet requirements are approved. Firms with approved plans must then begin manufacture by a stipulated date. In the meantime, they may be given the exclusive right to import products of the kind to be manufactured, thus eliminating from the market, firms which do not choose to manufacture in Mexico. The automotive industry, which began manufacturing engines in the spring of 1965, is the most advanced of those covered by these Government decrees.

Import substitution is also an important element in the Government's National Frontier Program—PRONAF, announced in 1961, which is intended to rehabilitate the Mexico-United States border towns and to bring them more actively within the Mexican economy. Those Mexican towns would thereby reduce their dependence on U.S. sources of supply. Residents of Mexican border towns now purchase substantial quantities of consumer goods in the United States. Mexican manufacturers with the help of PRONAF are pressing to orient them toward Mexican suppliers. Measures taken by the Government to assist such manufacturers in shipping their goods to the border areas include the granting of subsidies on railway freight rates and rebates on the Federal portion of the mercantile (sales) tax.

The import tariff is an important factor in limiting imports, but it is not so significant as import licensing controls. In 1963, combined import duties and taxes averaged 13.6 percent of total import values. Duties are both specific and ad valorem, and are applied to most imports. The system of fixing official prices on imported goods, for duty purposes is designed to combat underevaluation of invoice prices. In many cases the official price is higher than the invoice price. In assessing ad valorem duties, Mexican customs officials use whichever price is higher.

Government imports are screened by the import committee of the public sector of the National Foreign Trade Bank, which usually requires Government entities to buy domestically if possible. The committee's recommendations are usually followed by the Ministry of Industry and Commerce, the licensing agency. Public sector imports accounted for 18.3 percent of total imports in 1960-65 (see table 4).

The second major feature of foreign trade policy, diversification, applies to both exports and imports. Diversification of both exports and imports rests on the Mexican analysis of the terms of trade. Mexico regards itself as traditionally a raw materials producer and exporter that must diversify both the destination to which products are exported and the kinds of products exported. The policy means buying more goods from a greater number of countries. According to the National Foreign Trade Bank,[1] the country's great dependence on a single supplier-market—the United States—calls for a policy of increasing the number of geographic areas that both supply imports and take exports. This does not mean a forced displacement of traditional suppliers and buyers, however, but rather a persistent effort to obtain better terms in various markets.

TRADE AGREEMENTS

Mexico has general most-favored-nation bilateral trade agreements with 19 countries: Belgium-Luxembourg, Brazil, Canada, Chile, Costa Rica, Czechoslovakia, the Dominican Republic, El Salvador, France, Greece, Indonesia, Israel, Italy, the Netherlands, Poland, the Republic of China, Switzerland, the United Arab Republic, and Yugoslavia. The same most-favored-nation treatment accorded these nations is extended to other nations with which Mexico trades except those in LAFTA, who get preferential treatment. Mexico also has a payments agreement with Spain.

Most of Mexico's trade agreements are very general in nature. They do not channel trade nor provide for duty reductions. However, a few, such as those with Indonesia, Italy, Yugoslavia, and Poland, list products the exchange of which is to be promoted under the bilateral arrangements. Imports from all countries except LAFTA countries are charged identical specific and ad valorem duties and are subject to the same import licensing requirements.

LATIN AMERICAN FREE TRADE ASSOCIATION

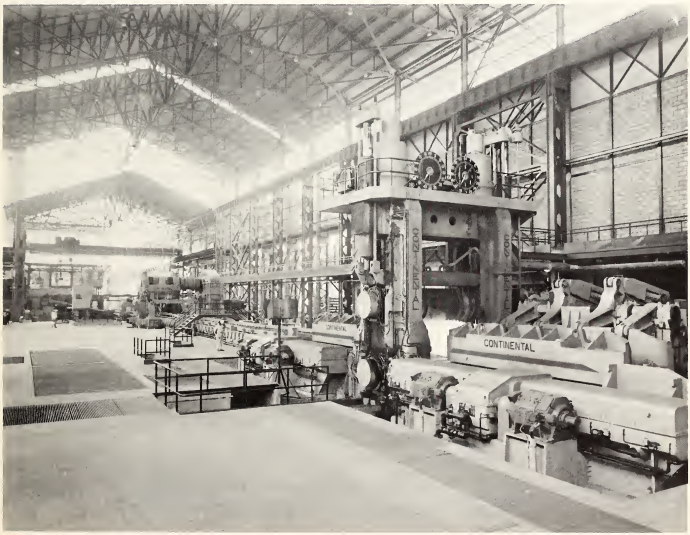
Mexico, Argentina, Brazil, Chile, Paraguay, Peru, and Uruguay formed LAFTA by the Treaty of Montevideo in February 1960. Colombia and Ecuador joined in 1961 and Venezuela will join soon. Liberalization of trade among LAFTA countries has occurred as a result of the national list negotiations held at Montevideo in 1961, Mexico City in 1962, Montevideo again in 1963, and Bogota in 1964. National lists establish schedules of concessions that each member country agrees to give to the others. As a result of the first three national list negotiations, tariffs were reduced by more than 30 percent, affect-

[1] Banco Nacional de Comercio Exterior, S.A., *6 Años en el Comercio Exterior de Mexico,* Mexico, D.F. 1964.

ing some 8,000 items. The Bogota Conference negotiated about 345 concessions of which 284 were new and 61 were renegotiated, bringing the lists up to 8,600 items. It also created the first multilateral common list of some 175 items. On common list items, duties are to be reduced to zero by 1973. The common list is a schedule of products on which the member countries agree collectively to eliminate duties, charges, and other import restrictions.

There has been a substantial increase in Mexico's total trade with other LAFTA countries, as follows (in million of dollars): 1961, 12.0; 1962, 22.8; 1963, 36.9; 1964, 50.4; and 1965, 66. Mexico's exports to LAFTA have risen more rapidly than her imports. In 1965, the exports accounted for $36.3 million and the imports for $29.7 million. Some of Mexico's leading exports to LAFTA countries are iron and steel pipe, pitch, gas tanks, books, iron and steel sheets, zinc, hormones, cotton, metal castings, motion pictures, and copper wire. Mexico's main imports from LAFTA have been books, machine tools, synthetic rubber, newsprint, fishmeal, and pharmaceuticals. Although the increase in Mexico's LAFTA trade has been relatively large, such trade represented only 4.2 percent of Mexico's total foreign trade in 1965.

Proponents of LAFTA in Mexico feel that the country has not given that organization sufficient attention. To date, LAFTA has been regarded principally as a trade promotion device designed to expand Mexican exports into new areas. Only recently has a need been recognized to permit increased imports from other LAFTA countries and this was reflected in the rise in LAFTA imports in 1965, an increase of 71.2 percent over 1964 imports of $17.3 millions. Mexico's economic development planning has also been predicated mainly on national requirements and has not been much affected by the possibilities of LAFTA as a regional economic development organization.



MEXICO—A MARKET FOR U.S. GOODS: The 46-inch blooming-slabbing mill of 1.5 million tons annual capacity is an American make in a Monterrey, Nuevo Leon State, steel mill.

URBAN MARKET. Producer's goods to erect buildings, make automobiles, lay concrete streets, and generate electricity rank high in Mexico's needs.

FACTORS AFFECTING SALES

Selling the Mexican market successfully involves knowledge of the market, competitiveness, and good salesmen.

The Mexican market must be viewed realistically. It is not a market for all foreign products because many of them may not be importable. The first step for a U.S. exporter not familiar with Mexico is to ascertain if his product is importable. Mexico has so many restrictions on imports that it may be difficult to state offhand whether a product is importable; however, a query to the U.S. Department of Commerce through a Field Office often determines its importability. If a product is found to be importable, it should then be examined in terms of its salability in the market.

Although a neighbor to the United States and accustomed to American over other foreign articles, Mexico is no mere extension of the U.S. market. Purchasing power is smaller and income groupings are different. Market statistics by products usually are not available and sellers must frequently make special surveys to obtain meaningful information for a sales program.

The American exporter can readily visit Mexico to study the market. A week to 10 days suffices for most investigations. Advance preparations, made in consultation with a U.S. Department of Commerce Field Office, can usually save the exporter's time and make his visit more effective. If the exporter cannot visit Mexico, he can obtain the services of firms in Mexico which specialize in market surveys. In addition, the services of the U.S. Department of Commerce in Washington, D.C., and of the U.S. Embassy and the U.S. consulates in Mexico are available.

Foreign competition has increased in Mexico in recent years as evidenced by the gradual decline in the U.S. share of the market following World War II. Because Mexico is one of the most stable and rapidly expanding countries of Latin America, its market is being cultivated by the industrialized countries of Europe, by Japan, and by the LAFTA countries. As a result, Mexico has become an increasingly competitive market.

The important elements of competition in Mexico are price, quality, market suitability, credit terms, delivery, service, and parts. The market is price conscious, and price and suitability of the product to local needs, are often the first considerations. American products are preferred for their quality if they are otherwise competitive. In Mexico's present state of development, a fairly simple product at a low price may often be more salable than one of advanced design or more highly mechanized, at a higher price. Some U.S. products are too advanced technically or are of too high quality for the needs of many users and thus may not be really competitive.

The metric system is used in Mexico but this does not appear to be a handicap to the sale of U.S. products. The 50-cycle current in Mexico City (60-cycle in the rest of the country) does affect the sale of electrical equipment.

Next to price, quality, and the suitability of a product, credit is important. Commercial bank rates in Mexico are high, and sales often go to sellers who offer the best credit terms. Foreign suppliers other than American sometimes give longer terms and more liberal financing of local installment costs than do U.S. exporters. This is especially important in selling plant machinery and equipment, one of the major imports. United States exporters must know what time and interest terms the competition is offering and be ready to meet it. They should utilize fully the credit facilities of their commercial banks and of the Export-Import Bank of Washington, D.C.—the Eximbank.

Fast delivery and good service are also important. The U.S. exporter's advantage of being close to Mexico permits the importer-distributor to keep small inventories and the importer-user to receive his prod-

VALUE BEING ADDED BY MANUFACTURE: A petroleum refinery of the Petroleos Mexicanos in operation at Minatitlan, Veracruz State, Mexico.

ucts quickly. A telephone call or telegraph message to the supplier in the United States can usually bring service and parts within a matter of hours.

Finally, a good selling program and effective sales representation in Mexico are essential. For most foreign suppliers who do not have branches in Mexico, the best way to sell is through a sales agent. An exporter will probably not hear about sales opportunities unless he has someone in Mexico who is in constant touch with the market. The exporter who waits for business to come to him may not get much from Mexico unless his products are unique or semi-monopolistic in nature.

The Government normally does not publish invitations to bid unless the purchases are to be financed by international lending agencies that require public bids. Thus, the bulk of the substantial Government business goes to suppliers who have agents on the scene. All suppliers to the government or their agents must be registered with the Ministry of National Patrimony.

Personal contact is highly important in selling in Mexico. The development of a close working relationship between the Mexican sales representative and the U.S. exporter will contribute a great deal to the success of the mutual effort. If the sales agent has good support from his supplier, he will usually try to do a good job. The cultivation of the proper relationship between the principal and agent depends largely on the exporter.

INDUSTRIALIZATION AND IMPORTS

Mexico's industry has expanded steadily since World War II. Prior to the war, Mexico relied to a great extent on imports of both consumer goods and capital equipment. Manufacturing consisted mainly of basic goods, such as textiles, tires, shoes, matches, soap, beer and soft drinks, tobacco products, iron and steel, cement, paper, glass, and miscellaneous food products. The war afforded a stimulus to manufacturing, which was encouraged by the Government. This development reflected the Government's determination to industrialize as quickly as possible, to reduce dependence on foreign suppliers, to relieve pressure on the balance of payments, and to provide employment for Mexico's rapidly growing population. Recently, there has been increasing awareness of the need for greater rural economic development to provide an expanding market for the products of Mexican manufacturers.

In 1939, 1941, and 1945, laws were passed granting concessions to domestic and foreign investors in industries which the Government wished to promote. In 1941, the Department of Industrial Investigation of the Bank of Mexico was established to study the country's industrial needs. That Department in collaboration with other Government agencies recommended tax concessions to new manufacturing plants. The system of tax concessions was organized in its present form by the Law for the Development of New and Necessary Industries of December 1954, which provides exemptions of up to 10 years from income, import, sales, and stamp taxes. The Federal District offers approved plants exemption from real estate and sales taxes, and almost all the Mexican States now have development programs providing various tax exemptions and other incentives to new industries established in their areas.

From 1950 to 1963, Mexico's gross-national-product grew 109 percent in terms of constant prices. The growth was 6.3 percent in 1963, 10 percent in 1964, and 5.1 percent in 1965. Manufacturing rose 144 percent from 1950 to 1963, 9.2 percent in 1963; 13.5 percent in 1964; and 7 percent in 1965. In 1964, manufacturing accounted for 25.1 percent of the GNP, compared to 20.8 percent in 1950. During this period, overall output of industry rose 135 percent while that of agriculture increased 70.5 percent.

Today, Mexico produces a greatly expanded range of products, including artificial fibers, household appliances, railroad cars, tractors, typewriters, pharmaceuticals, fertilizers, chemicals, detergents, paints, dyes, plastics, refractories, aluminum and aluminum products, construction materials, sewing machines, bicycles and motorcycles, automotive vehicles, clothing, and furniture.

Manufacturing industries which have grown fastest since 1950 include iron and steel, cement, radio and television equipment, household appliances, motor vehicles, synthetic fibers, fertilizers, pharmaceuticals, automotive and industrial and petro-chemicals.

The most rapidly expanding activities other than manufacturing have been construction, electrical energy, commerce, Government, petroleum and coke, agriculture, forestry, and transport and communications. Fishing, mining, and livestock production have lagged.

Commerce represented 26.3 percent of the gross national product—GNP in 1964 and agriculture, 11.7 percent.

Recent incentives to industrial development other than those granted by the Law of Industrial Encouragement have been:

1. Political stability
2. Absence of foreign exchange controls
3. Protection from foreign competition
4. Good fiscal management
5. Avoidance of inflation
6. Government loans to certain basic industries
7. Tax refunds to companies exporting certain manufactured goods.

The Government has invested large sums of money in infrastructure and social projects, such as dams, electric power, roads, railroads, ports, and housing.

These projects indirectly aid industry and generate imports.

In 1962, the Government issued a report, Possibilities for Private Industrial Promotion in Mexico,[2] listing more than 450 products in which investment in manufacturing was regarded as necessary and desirable, including iron and steel, automotive components, machinery, paper and pulp, chemicals, pharmaceuticals, precision instruments, electronic equipment, and communications equipment. A revised list containing 370 products was issued in 1965.

In 1962, the Government instituted a new policy which required the manufacture of certain products in Mexico. A decree of August 1962 for example, required the manufacture of automotive vehicles, including engines, with 60 percent of the value of the components domestically produced. The Government subsequently approved the production plans of 10 companies, 8 of which have established or are building engine plants. Many auxiliary projects were also approved for the manufacture of auto components.

A decree of July 1962 required the domestic manufacture of typewriters. A decree of March 1964 required the domestic manufacture of certain types of construction machinery, and a number of company plans were approved under this program. A decree of December 2, 1964, required the manufacture of diesel engines and of construction machinery of kinds not approved under the previous program. By administrative action, the Government has given impetus to the manufacture of agricultural tractors, cutting and soldering tools, adding machines, fork lift trucks, pneumatic tools, air and gas compressors, electrical hand drills, and other products.

The Government also promotes industry by financing expansion through loans, equity participation, and outright Government ownership of companies. The Government's investment and development bank, Nacional Financiera, S.A.—NAFIN, has granted credit to more than 500 firms. NAFIN has equities in steel mills, a foundry, an automotive plant, paper mills, fertilizer factories, a freight car manufacturer, a coal and coke producer, a steel pipe plant, an airline, and many other enterprises.

NAFIN has not hesitated to invest in those essential industries that, in its opinion, private initiative has been reluctant to enter. NAFIN has also often been asked by private owners to assist with loans or to take an equity in their firms, when those owners were having financial difficulties.

[2] Direccion General de Industrias, Secretaria de Industria y Comercio. *Posibilidades para la Promocion Industrial Privada en Mexico*, Mexico, D.F. 1962.

The Government-owned petroleum monopoly Petroleos Mexicanos—PEMEX, which also has exclusive rights on the manufacture of basic petrochemicals, has joined with private firms in projects to produce synthetic rubber, carbon black, fertilizers, and intermediate petrochemicals. Most of the country's electrical generating and distributing facilities are Government owned.

Government planning has assumed a growing importance in recent years. For example, in 1963, a 3-year economic development program was adopted by the Government. That program called for the investment of $6.3 billion, almost equally by the public and private sectors. Within this program, $1.3 billion was to be invested in manufacturing for which most of the funds were to come from the private sector. Industrial investments in the program were principally to expand the production of steel, automobiles, industrial machinery, chemicals, pharmaceuticals, petrochemicals, textiles, paper, cement, and electrical equipment.

Industrial development has affected the composition of imports. Most consumer goods are now made in Mexico and so may not be imported. In recent years, the production of consumer durables has expanded. Automobiles and parts have accounted for nearly half of the value of consumer goods imports, but their importation will start to decline as local production increases. Imports of construction equipment, diesel engines, some machine tools, certain kinds of machinery, fertilizers, and office equipment, which have accounted for an important share of Mexican imports in recent years will also decline as domestic manufacturing projects start producing. Imports of some producers goods, such as iron and steel, aluminum, rubber, some types of chemicals and petrochemicals, and woodpulp, will probably decrease as domestic production expands. Despite the expansion of domestic production of many kinds of goods, the total value of imports has increased and should continue to increase to meet the needs of the expanding economy. United States exporters and their Mexican sales representatives should constantly review the Mexican market to keep pace with its changing needs. In some cases, exporters must decide either to manufacture products in Mexico or to drop out of the market. Manufacture may enable the exporter to remain as a supplier of certain raw materials and component parts going into the product he manufactures in Mexico. Alert exporters should seek opportunities to supply new and different products. Now and more so in the future, the principal export opportunities are in producers goods.

CHAPTER II

Basic Data on Mexico

For the sale of foreign merchandise, Mexico should generally be regarded as two markets. The principal one is the interior whose commercial, financial, industrial, and cultural center is Mexico City. This is by far the largest market. Not so large a market and less well known abroad is the area along the U.S. frontier and the free zone of Baja California.

The interior market centers largely around Mexico's three principal cities; Mexico City, Guadalajara, and Monterrey. Within their broad spheres of influence and overlapping each other are marketing areas around such cities as Tampico, Veracruz, Villahermosa, Merida, Tuxtla Gutierrez, Oaxaca, Puebla, Queretaro Morelia, Mazatlan, Culiacan, Durango, Torreon, Chihuahua, and Hermosillo. The interior market has several zones: the Central, Gulf Coast, South East, Central, and Western. These zones generally correspond with the U.S. consular districts, but there are exceptions. In the North, a consular district may include both interior and free zone markets. The consular district breakdown is useful to sellers desiring detailed marketing information and for those selling in a given area.

To a considerable extent, the interior market can be regarded as a single unit in both foreign sales representation and distribution of imported merchandise. While some demand for imports originates almost everywhere in the country, the market for imported products is usually covered by firms headquartered in Mexico City with salesmen traveling the country or with branches or distributors located in key cities. The method of distribution varies with the product. Some foreign suppliers prefer to deal direct with a number of distributors in the larger cities, but most of the foreign products are sold through those firms in Mexico City that have sales and distribution arrangements around the country.

Because of the distance from interior sources of supply, the northern border area has traditionally been oriented to a considerable degree toward the United States and has been allowed to operate under import rules less rigid than those applied to the interior of the country. While efforts are being made to bring the border areas more actively into the economy of Mexico, the border cities and the Baja California free zone can still be regarded as a market somewhat different from that in the rest of Mexico. The situation varies from city to city along the frontier.

COMMERCIAL DISTRICTS

The commercial regions correspond roughly to the U.S. consular districts in Mexico. These regions are: North Central Zone, Gulf Coast Zone, South East Zone, Central Zone, Western Zone, and Northern Border Zone.

NORTH CENTRAL ZONE

Monterrey Consular District.—The Monterrey consular district includes the State of Nuevo Leon, with the exception of the northern tip, southern Coahuila State, including Saltillo and Torreon, the entire State of Durango, the State of Zacatecas north of the Tropic of Cancer, and the State of San Luis Potosi except the Huasteca region in the east.

Although the city of Monterrey and much of the State of Nuevo Leon are on the coastal plain, most of this district is high altitude desert ranging in aridity from the complete desert of southern Coahuila to the relatively well-watered plains of southern Durango. Rainfall is erratic, and both potable and industrial water supplies are difficult to obtain.

Monterrey, at an elevation of 1,800 feet and within 150 miles of the Gulf of Mexico, is uncomfortably hot in the summer. Winters are quite mild; severe freezes are infrequent. It is located 357 miles from Tampico, Tamaulipas State. The area around Torreon, Coahuila State, at an altitude of 3,000 feet, is hot and dry in the summer, pleasant in the winter but plagued by recurring dust storms.

The States of Durango, Zacatecas, and San Luis Potosi, ranging from 5,000 to 6,000 feet in elevation, are rarely uncomfortably warm or extremely cold—generally maintaining an equable and very pleasant climate. Durango receives somewhat more rainfall than the other two States. July and August are normally the months of heaviest rainfall. Total rainfall does not exceed 30 inches a year, and some parts of these States may receive less than 5 inches.

The total population of the district exceeds 3.5 million. Monterrey, with an estimated population of 806,000 in 1965, is by far the largest and most important city. It has had a population growth of better than 6 percent a year for the past 30 years and has more than 60 percent of the population of the State of Nuevo Leon. The second largest metropolitan center is La Laguna, an area comprised of Torreon, State of Coahuila and Gomez Palacio and Ciudad Lerdo, in the State of Durango, with a population of over 300,000. The city of San Luis Potosi in the State of the same name has a population of 186,000. The cities of Durango, State of Durango, and Saltillo, Coahuila State, have about 120,000 persons each. With the exception of Monterrey, the district is essentially agricultural.

Development has been rapid in the industrial areas, principally Monterrey, and slow in the agricultural areas. The farming areas are hampered by erratic rainfall and inadequate investment in irrigation.

The district has four export crops: citrus fruit, cotton, cattle, and hard fibers. The principal citrus area is the Montemorelos-Linares region about 40 miles south of Monterrey, with a small citrus-producing area near Rio Verde, in San Luis Potosi State. Cotton production is confined almost entirely to the Laguna region. Cattle ranching is prevalent throughout the district, and Durango has the largest herds. Dairy farming and large-scale poultry production are of increasing importance in the Laguna area and in the State of Nuevo Leon. The desert region of southern Coahuila State and northern Zacatecas State, the northern part of the State of San Luis Potosi, and the southern part of Nuevo Leon State comprise a zone in which one of the few means of livelihood is the gathering of lechugilla and palma fibers from native cacti. Fibers of those cacti are processed for export or woven into finished goods in the cities of San Luis Potosi, Matehuala, Saltillo, and Monterrey.

Most of the farmers in the district make their livelihood from dry farming of corn and beans. Deciduous fruit and vegetables are grown. Viniculture and wine production is also developing, principally in Coahuila State.

Industrial development is concentrated largely in Monterrey. Outside of Monterrey, extractive industries have been developed. Although in decline, mining is still important, with copper, lead, zinc, silver, gold, mercury, iron ore, gypsum, fluorspar, phosphate, limestone, and marble extracted or processed. Durango State produces iron ore, silver, gold and small amounts of fluorspar. Northern Zacatecas State has copper and mercury mines; lead, copper, gypsum, and fluorspar are mined in San Luis Potosi State. A large smelter in San Luis Potosi produces blister copper, arsenic, and sulfuric acid. A smelter in Torreon produces lead, cadmium, silver concentrate, and sulfuric acid. Zinc is refined in Saltillo; silver, gold, and lead, in Monterrey. Coahuila State has small amounts of phosphates which, after grinding, are exported through Monterrey.

Other industries of importance are pine lumber in Durango; cotton ginning, edible oils, and soap in the Laguna area; woolen textiles; the assembly and repair of heavy railroad equipment as well as light manufacturing in San Luis Potosi; and a growing industrial complex in Saltillo producing agricultural tractors and implements, motorcycles, household appliances, castings (including automotive engine blocks), and pipe fittings.

In Monterrey are located Mexico's second and third largest steel producers, a large glass manufacturing complex, one-fifth of Mexico's textile and clothing industry, a major brewery, a large and growing chemical industry, and a well-developed paper and cardboard industry. Also produced are cement, refractory bricks, tile and construction brick, processed foods, and a wide range of manufactures, ranging from television sets to bus and truck bodies.

Monterrey dominates northeast Mexico in commerce and banking. Regional trading centers outside of Monterrey are Saltillo, Torreon, Durango, and San Luis Potosi. San Luis Potosi is more in Mexico City's sphere of influence than that of Monterrey.

Tourism is not of overwhelming importance. Every city in the district wishes to expand tourism but lacks either the climate or the attractions found in central and southern Mexico. Much of the tourist trade is of a transient nature—people going from the United

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BOUNDARY REPRESENTATION IS NOT NECESSARILY AUTHORITATIVE

States south to Mexico City or elsewhere in the Republic. Monterrey has made a strong effort to expand tourism and has been quite successful in attracting fall and winter conventions.

Communications by rail and highway between the principal cities of the district are well developed and are getting better. Air connections between Monterrey, the United States, and Mexico City are adequate. The district has the advantage in both commerce and tourism of lying astride the principal north-south routes from the United States to Mexico City.

MONTERREY STEEL: The Pittsburgh of Mexico is located at Monterrey in the northern State of Nuevo Leon just south of the United States-Mexico border formed by the Rio Grande River. Two of Mexico's largest steel producers are located in Monterrey. One of those two is the Cia Fundidora d Fierro Y Acero de Monterrey, S.A. Coke, iron ore, and limestone for blast furnaces 1 and 2 of that company are handled in this stockyard.

GULF COAST ZONE

Tampico Consular District.—Tampico is the principal city in the Tampico consular district. Other important centers are Ciudad Madero (adjoining Tampico), Ciudad Mante and Ciudad Victoria, Tamaulipas State; Ciudad Valles, San Luis Potosi State; and Tuxpan and Poza Rica in Veracruz State.

The district is divided between the coastal plain that extends inland from 20 to 120 miles and the low hills and mountains. In the northeast the mountains rise to 10,000 feet.

The 1964 population of the district was estimated at 1,200,000. Of these persons, 500,000 are in Tamaulipas State, 550,000 in Veracruz State, and 150,000 in San Luis Potosi State. Tampico and Ciudad Madero, combined, had an estimated population of 224,000 in 1965. Ciudad Victoria had an estimated 65,000, Poza Rica, 86,000, Ciudad Valles, 40,000, and Ciudad Mante and Tuxpan, 50,000 each.

Growth should accelerate during the next few years.

The construction of dams, irrigation systems, and hydroelectric plants planned for the Río Panuco watershed should stimulate rapid development.

Farm crops and cattle are the economic bases of the district. Henequen, cotton and sugarcane are the most important crops. Most of the henequen is processed near Ciudad Victoria and exported in the form of cordage. About 80 percent of the cotton and a major part of the sugar are exported. Four sugar mills already operate and a fifth is being built.

Cattle raising is important. Between Tuxpan and Papantla, citrus fruit are grown. Bananas and vanilla are produced in the Papantla-Gutierrez Zamora region.

Oil refining has long been Tampico's major industry. Beginning north of Tampico, oilfields extend southward to Papantla, Veracruz State. There are major refineries at Ciudad Madero and Poza Rica. Styrene and butadiene plants are being built at Ciudad Madero and a synthetic rubber plant is to be constructed. Other industry includes cotton gins, a powdered milk plant, and a titanium dioxide plant.

Tourism is not a major industry. Large numbers of tourists from the United States pass through the district, particularly on the Inter-American Highway, but most do not linger.

Tampico is by far the most important commercial center and the only real port of the district. It is the second seaport in Mexico in tonnage handled after Veracruz. Tuxpan and Gutierrez Zamora, Veracruz State, are also listed as ports, but neither is capable of handling major traffic. Ciudad Victoria, Ciudad Mante, Ciudad Valles, Tuxpan, and Poza Rica are other commercial centers with zones of influence of not more than 50 miles.

Veracruz Consular District.—The Veracruz consular district includes the southern three-fourths of the State of Veracruz (south of the Tecolutla River) and all of the State of Tabasco. The western boundary of the State of Veracruz is formed by the Sierra Madre

Oriental. In the northern part of the State, the foothills of the range approach the coast, but the coastal plain begins to broaden southward from the port of Veracruz until in Tabasco the land is almost flat and in many areas, swampy.

The littoral is humid and rainfall is heavy. However, during the dry season the moisture-bearing winds pass over the lowlands, and the heavy precipitation occurs only as they reach the foothills. Thus, in the coastal plain of Veracruz there are many areas which are seasonally arid. Along the western borders of the State, rainfall is heavy throughout most of the year. The coastal plain is characterized by some forest but also much scrub growth, and the western mountainous areas by heavy tropical rainforest. In Tabasco, the coastal plain is much broader than in Veracruz, rainfall heavier, and vegetation more luxuriant.

The population of the district is about 3 million. The estimated population of the principal cities in 1965 was: Veracruz, 183,000; Jalapa, 83,000; Cordoba, 60,000; Orizaba, 89,000; Minatitlan, 45,000; Coatzacoalcos, 50,000; San Andres Tuxtla, 25,000; and Villahermosa, 66,000.

The principal occupation of the district is agriculture. Main crops are sugarcane, coffee, citrus fruits, corn, cacao, cattle, bananas, and pineapple and other tropical fruits. Agricultural exports are raw and refined sugar, coffee, oranges, pineapple. The export of bananas is beginning. Cacao is produced principally for domestic consumption. Lesser crops are vanilla, tobacco, broom root, sesame. A rubber plantation has been started in the southern part of the district.

The main industries are petroleum and sulfur extraction, petrochemicals, fertilizers, cement, chemicals, steel pipe and fittings, aluminum, sugar refining, textiles, and fishing. Hydroelectric power has been developed. The Raudales-Malpaso Dam will provide power for much of the State of Tabasco. The steel industry in Veracruz is expanding. The petrochemical industry in the Coatzacoalcos-Minatitlan area is growing impressively. The textile industry in the Orizaba-Cordoba area is suffering from obsolescence of equipment, but is being modernized. A fish storage and processing plant has been built in Alvarado south of the city of Veracruz.

The main trading centers are Veracruz, Cordoba-Orizaba, Coatzacoalcos-Minatitlan, and Villahermosa. Although Veracruz is the largest city, the Cordoba-Orizaba area is a growing agricultural and industrial center. A petrochemical complex is developing around the Coatzacoalcos-Minatitlan area in the South.

Tourism from the Capital and from other parts of Mexico is important; however, American tourists constitute only 10 percent of the visitors.

The transportation system is being improved. Railroads connect Veracruz with Mexico City, Alvarado

VERACRUZ CONSULAR DISTRICT: Plant of Aluminio, S.A.—the aluminum company—near Veracruz, Veracruz State, Mexico.

CHEMICAL PLANT: Tetraethyl lead is manufactured in these buildings near Coatzacoalcos, Veracruz State, on the coast of the Gulf of Mexico by an American affiliate.

(Veracruz State), Merida (Yucatan State), and Guatemala City, Guatemala. All are single track. Two-lane, hardtop roads connect the principal population centers with one another, with Mexico City, and with the United States. A superhighway connecting the Cordoba-Orizaba region with Mexico City is under construction.

Veracruz, Minatitlan, and Villahermosa have adequate, nonjet airports that are stops on the two commercial daily flights (one each way) between Mexico City and Merida, Yucatan State. A round-trip flight between Mexico City and Veracruz is scheduled 4 days per week.

The principal ports are Veracruz and the free port of Coatzacoalcos. Veracruz harbor has a depth of 28 feet and is the country's principal seaport. Coatzacoalcos harbor has a depth of 27 feet. Nanchital and Minatitlan, adjoining Coatzacoalcos, have 20 and 18 feet depth, respectively. Alvarado and Frontera are both shallow water ports, used principally for coastal shipping, but the Frontera harbor is being dredged and will be used by oceangoing ships.

SOUTH EAST ZONE

Merida Consular District.—The Merida consular district covers the entire Yucatan Peninsula, borders on Guatemala and British Honduras, and comprises the following areas, with the estimated 1965 population in parentheses: State of Yucatan (670,000), State of Campeche (198,000), and the Territory of Quintana Roo (70,000). The total area of the district approximates 64,278 square miles. Merida with an estimated population of 194,000 in 1965, is the largest city. Other centers include the commercial port of Progreso with an estimated population of 18,000, the fishing ports of Campeche and Carmen with 54,000 and 40,000, respectively, and Chetumal, capital of Quintana Roo (15,000).

Merida, the commercial center of the peninsula, is 22 miles inland from the port of Progreso. Although Progreso has no natural harbor, a long pier facilitates the discharge of cargo.

The climate of the district is tropical. The dry season is from March through May; the rainy season occurs from June through October. Annual rainfall in Merida averages 35 inches. In southern Campeche and Quintana Roo, rainfall averages 60 inches a year. Hurricanes from the Caribbean Sea occasionally strike the east coast, but rarely with great force.

The economy of Yucatan is based largely on the growing and processing of henequen, a hard fiber used locally in the manufacture of cordage. Most of the cordage is exported. The henequen zone is located around Merida. Honey production and exports are growing.

In the State of Campeche, the major industry is shrimp fishing. The market is the United States. The shrimp packing plants are located in the ports of Campeche and Carmen. Industries of lesser importance in the State of Campeche and the Territory of Quintana Roo are the gathering of chicle and the production of lumber, such as mahogany and Spanish cedar. These products are taken from the tropical forests in the southern portions of the peninsula.

Tourism is steadily growing in importance. The Mayan ruins near Merida and the hunting and fishing resorts in Campeche and Quintana Roo attract an increasing number of American and Mexican tourists every year. Important factors in this development have been the improved roads between Merida and Mexico City and the daily flights between Merida and cities in the United States and Merida and Mexico City. Winter is the main tourist season.

CENTRAL ZONE

Mexico City Consular District.—The Mexico City consular district is the largest and most populous in the country. It includes the Federal District and the following states: Chiapas Guanajuato, Guerrero, Hidalgo, Mexico, Michoacan, Morelos, Oaxaca, Puebla, Queretaro, and Tlaxcala. The total area is about 163,000 square miles. The district contains over 40 percent of the country's population.

The estimated population of the largest cities in the district in 1965 was: Mexico, D.F., 6 million; Puebla, 346,000; Leon, 271,000; Morelia, 129,000; Irapuato, 109,000; Toluca, 106,000; Oaxaca, 87,000; Queretaro, 81,000; Pachuca, 72,000; and Celaya, 77,000. Puebla, Morelia, Toluca, Oaxaca, Queretaro, Tuxtla Gutierrez, and Pachuca are State capitals.

Mexico City dominates this entire district, as it does most of the other districts. Its influence extends over the five submarketing areas within this district. Those areas center around the following State capitals: Tuxtla Gufierrez (Chiapas); Oaxaca (Oaxaca); Puebla (Puebla); Queretaro (Queretaro); and Morelia (Michoacan).

The import business of this district is handled largely by Mexico City firms. A foreign firm interested in selling in the district will usually arrange for sales representation with a Mexico City-based firm that can distribute in other cities of the entire district.

The climate in these parts varies with the altitude. Most of the area is mountainous, for the Sierre Madre Oriental extends down the middle. The highland areas, including Mexico City, have a temperate climate. The coastal sections are tropical. Considerable portions of the States of Oaxaca, Puebla, Mexico, Queretaro, and Hidalgo are arid.

The district has large timbered areas with tropical, subtropical, and temperate zone forests. There are extensive pine forests in the highlands. The district is important both industrially and agriculturally. It produces roughly 20 percent of the sugar, 60 percent of

the coffee, 35 percent of the corn, 25 percent of the wheat, and 30 percent of the beans in the nation. Gold, silver, lead, and zinc are mined. It is the most highly industrialized district of the country.

There are only two seaports worthy of note in this district. Acapulco, on the Pacific Coast, is a world famous ocean resort but is not important in the country's foreign trade. Salina Cruz in the Isthmus of Tehuantepec is primarily a fishing port.

The Mexico City metropolitan area (including the surrounding suburban areas in the State of Mexico) has a population of over 8 million and is the political, cultural, and economic center of the Nation. It has over 35 percent of the industry, 30 percent of the purchasing power, and 36 percent of the motor vehicle registration in the country. Mexico's most extensive and rapid industrial development has taken place here, and includes the following industries: automotive vehicles, iron and steel, cement, chemicals, textiles, food products, clothing, shoes, and appliances. The concentration of industry in the Federal District has prompted the Government to impose certain restrictions on the establishment of new large plants there in order to encourage dispersion of industry to other areas in the country.

Mexico City is the financial capital and the hub of the railway, airline, highway, and communications systems of the country. It is connected by expressways with Toluca, Queretaro, Puebla, and Acapulco and by good paved roads with Pachuca and Oaxaca.

With its parks, boulevards, fine hotels and restaurants, and nearby archeological sites and museums, Mexico City is also the tourist center of the country. Most of the tourists who travel to the interior of Mexico (1.4 million in 1965) visit Mexico City. Tourism contributes substantially to the city's economy.

Puebla, Mexico's fifth largest city and the second in size in the district, is an important distribution and manufacturing center. It is 85 miles east of Mexico City on a toll road. At an altitude of about 7,000 feet, its climate is similar to that of Mexico City. Puebla's industry includes cotton textiles, cement, tiles, flour, abrasives, and paint. The Puebla basin is a fertile agricultural region.

Leon is the third largest city in the district and the largest in the State of Guanajuato. It is in the northern end of the rich agricultural area known as the Bajio. At an altitude of 5,600 feet, its climate is mild. The city's largest industries are leather tanning and shoe manufacturing, and it is one of the three main footwear producing centers of the country. Irapuato to the south and Celaya to the southeast are also in the Bajio agricultural area and both are important distribution centers. Irapuato has developed as a processor of food products, especially of frozen strawberries for export.

On the eastern fringe of the Bajio is the city of Queretaro which is a distributing center for the surrounding agricultural area. Its climate is temperate. Because of its strategic location from the standpoint of transportation and its proximity to Mexico City—150 miles to the southeast—a number of manufacturing plants of more than local importance have been established there. It has food-processing factories, feed plants, textile mills, and a sewing machine factory; it has established recently an industrial park in which factories have been erected for the manufacture of both construction equipment and components for the automotive vehicle industry.

Morelia, the capital of the State of Michoacan, is primarily a distributing center for this agricultural and forested state but has little industry. It is a colonial town in which the architecture has been preserved, and it is popular with tourists. At an elevation of 6,000 feet, the city enjoys a temperate climate.

Toluca, about 45 miles west of Mexico City on an expressway, is the capital of the State of Mexico. It is the distribution center for a sizable agricultural area. Recently, in response to Government policy discouraging overconcentration of industry in Mexico City, it has gained several important, new manufacturing plants. Among these plants, are factories producing automobiles, chemicals, pharmaceuticals, pigments, clocks, table flatware, and synthetic textile fibers. Toluca's climate at 8,500 feet is somewhat cooler than Mexico City's.

Pachuca, the capital of the State of Hidalgo, is about 60 miles north of Mexico City. Somewhat higher than Mexico City, its climate is cooler. It is a distributing point for the semiarid farm country of the area and for the mining that still remains. Pachuca was once the center of a rich mining district which has now declined in importance owing to the depletion of the ores. The city has not attracted new industry in recent years, and because of its proximity to Mexico City, it has not developed significantly as a merchandising center.

Oaxaca City is the capital of the State of Oaxaca, one of the largest States in the Republic. Although it is located only about 300 miles south of Mexico City and is connected with it by rail, air, and paved highway, the city is somewhat isolated because it is not an important crossroad point. However, the city is the hub of transportation for the State. In recent years, highways have been built from this capital to both the Gulf and Pacific coasts and now connect areas which formerly could be reached only by animal and air transport. The Pacific coast terminals of these roads are being joined by a coastal highway under construction from Acapulco to Salina Cruz. The economy of the State and the city is based on agriculture, for there is practically no industry. Oaxaca is developing as a tourist center because

of its good climate and nearby archeological sites.

Tuxtla Gutierrez, the capital of the State of Chiapas, is a pleasant city located in a valley in the northern part of that State. It has good highway and air connections with Mexico City but no railroad. It serves as a distributing center for the surrounding agricultural area.

WESTERN ZONE

Guadalajara Consular District.—The Guadalajara consular district covers 54,800 square miles and includes the States of Jalisco, Aguascalientes, Colima, and that part of Zacatecas south of the Tropic of Cancer. The 1965 population estimates of the principal cities of the district were: Guadalajara, 1 million; Ciudad Guzman, 36,000; Aguascalientes, 151,000; Colima, 54,000; Fresnillo, 37,000; and Zacatecas, 39,000. Guadalajara is Mexico's second largest city and the capital of the State of Jalisco. Aguscalientes, Colima, and Zacatecas are the capitals of the States of the same names.

The dominant physical feature of the area is the rugged Sierra Madre Occidental which traverses the region from north to south and separates the narrow tropical coast of the States of Jalisco and Colima from the mile-high interior plateau. On the high semiarid plains of the State of Zacatecas, the elevation ranges from 7,000 to 8,000 feet above sea level. In the State of Jalisco and Aguascalientes, the elevation is less than in the State of Zacatecas. The city of Guadelajara is located at 5,100 feet. The dry season lasts from October to June. Year-round temperatures in the district range from cool in Zacatecas, to mild in both Aguascalientes and the Jalisco plateau, and to tropically warm in Colima and coastal Jalisco.

Jalisco is the only one of the four States in the district with important industry. The leading ones are edible oils, sugar, food products, tanning and shoe manufacturing, chemicals and pharmaceuticals, tequila, textiles, and glass. Jalisco has sufficient electricity.

Although Jalisco State is industrializing, the district is primarily agricultural. Jalisco produces nearly a third of the nation's corn as well as beans, sugar, garbanzos, wheat, and peanuts. Tourism is important. An appealing climate, well-known handicrafts, scenery, and beaches attract tourists to Guadalajara, Chapala, and Puerto Vallarta throughout the year. New tourist accommodations are being built. The Guadalajara area is favored by more than 7,000 retired Americans.

A COMPONENT OF THE MEXICAN PRODUCT: The Mexican market for rayon filament, short rayon fiber, and rayon tire cord is being supplied by this plant of Celanese Mexicana, S.A., Zacapu, Michoacan State, which employs 1,300 persons.

Jalisco State has good paved highways and all-weather roads. The network is adequate except in the coastal areas and in the extreme northern part of the State. Air Service connects Guadalajara with Mexico City, Puerto Vallarta, Mazatlan, and Tijuana as well as with Tucson, Arizona, and Los Angeles, California, by both jet and prop planes. A number of small airlines and charter services fly between Guadalajara and the cities of the neighboring States. There is overnight train service to Mexico City; the Pacific Railway (Ferrocarril del Pacifico) runs northward to Mazatlan and the U.S. border. A railroad spur line runs from Guadalajara to Manzanillo on the coast.

Guadalajara dominates the central western portion of Mexico. It is one of the country's most modern cities with wide streets, pleasant residential areas, and a modern business district.

The State of Aguascalientes, which is mainly agricultural, produces guayaba, chiles, grapes, beans, corn, and wheat. It is becoming a leading grape producer. It has no significant industry except for the general repair shop of the National Railways (Ferrocarriles Nacionales) in the city of Aguascalientes. A main north-south highway cuts directly through the center of the State, connecting with other major towns and serving as an important tourist artery.

The State of Zacatecas is mountainous and the land is poor. The climate is arid and cold. Rains are irregular and crop failures are frequent. The State's principal industry is mining. A 400-year old mine in Fresnillo produces lead, zinc, and copper concentrates. Near the capital, the State government has installed a smelter to encourage miners to resume exploitation of the low-grade ores in the area's many silver mines. A modern meatpacking plant in Fresnillo exports to the United States. Most tourists in Zacatecas are on their way elsewhere; thus, tourism does not contribute importantly to the economy.

Colima is primarily agricultural. Sugarcane, corn, and beans are raised in the valley around the capital. The coastal region grows copra, bananas, limes, sesame, and papaya. Bananas and some papaya are exported. Substantial, high-grade iron ore deposits are largely undeveloped because of their inaccessibility. Several plants produce lime oil. Tourism is becoming increasingly important. The winter climate is good, the beaches are attractive, and the Pacific waters afford good fishing. The major cities—Manzanillo, Tecoman, and Colima—are connected with good highways leading to Guadalajara on the direct road to Mexico City. The port of Manzanillo has an estimated population of 25,000. The harbor is large and has a pier for ships drawing up to 35 feet.

Mazatlan Consular District.—The Mazatlan consular district, composed of the States of Sinaloa and Nayarit totaling an area of 32,927 square miles, is bound on the east by the Sierra Occidental, and on the west by the Pacific Ocean. The lowlands near the coast and the flat areas near or adjoining the rivers flowing into the ocean are rich agricultural lands.

The rainy season, May through October, is hot and subhumid. The rest of the year is dry and pleasant, attracting many tourists.

The population of Sinaloa in 1965 was estimated at 965,000 and that of Nayarit at 453,000. The principal cities are, by population: Culiacan (113,000) and Mazatlan (100,000) in Sinaloa and Tepic (77,000) in Nayarit.

Northern Sinaloa is growing rapidly while southern Sinaloa and the State of Nayarit are advancing at a gradual pace. Recent agricultural expansion in the Culiacan and Los Mochis areas is the result of the development of new lands under irrigation. Dams have been constructed in the Fuerte Valley and on the Rio Culiacan. Irrigation provided by the recently constructed Lopez Mateos Dam near Culiacan will increase agricultural production. A ready U.S. market for winter crops such as tomatoes and cantaloupes has contributed immensely to the prosperity of this area. Cotton and wheat are being produced in increasing quantities. Tobacco production is becoming the most important cash crop in the State of Nayarit. Sugar is also important.

Industry is limited principally to a cement plant and a small shipyard which specializes in shrimp boat construction. Both are located in Mazatlan. Mazatlan is the most important seaport on the Pacific Coast.

Winter tourism is growing because of the balmy pleasant weather, beautiful beaches, and proximity to the United States.

The district is traversed from north to south by a main highway extending from the U.S. frontier to Mexico City. Mazatlan and Durango are connected by a paved road.

NORTHERN BORDER ZONE

Tijuana Consular District.—The Tijuana consular district embraces the State of Baja California and the southern territory called Territorio Sur de Baja California, except for the municipality of Mexicali, which is the capital of the State. The peninsula of Baja California is divided at the 28th parallel, which constitutes the boundary between the two entities. The largest city of the district is Tijuana; others are Ensenada and Tecate. The largest cities in the Territory are La Paz, the Capital, and Santa Rosalia.

The district is semidesert and mountainous with some fertile valleys along the Pacific coast. A mountain range traverses the entire peninsula. With the exception of a small pine-covered area in the north, the mountains are barren. The northern and central

parts of the district have a temperate climate with warm summers and cool winters. In the Territory, the climate is semitropical and humid. In the State, rainfall averages less than 15 inches per year and in the Territory, slightly more.

The population of the district is estimated at 400,000. Tijuana had an estimated population of 251,000 in 1965, Ensenada 64,000, La Paz 33,000, and Tecate and Santa Rosalia 10,000 each. One of the most important factors to be considered in the State's economic potential is its tremendous population growth. For example, Tijuana had a population of only 20,000 as recently as 1944.

Olives, grapes, wheat, potatoes, tomatoes, and peppers are the principal crops in the State, and wheat and cotton in the Territory. Experiments are underway in the cultivation of citrus crops but as yet there is little production. Most of the crops are processed locally and sent to the interior of Mexico.

Principal products of industry are cement, canned and frozen fish products, beer, wine, cigarettes, coffee, flour, pasta, canned vegetables, and lumber. In addition, a modern dairy industry supplies fresh milk to the Baja California market. Most of the products are consumed within the district. Exceptions are the canned and frozen fish, wine, beer, cigarettes, and paint; most of those items are shipped to the interior of Mexico and some to the United States.

The district is a free zone, which means that many goods can be imported without payment of duties or an import license. The free zone has made the district in the main an importer, with most of the imports coming from the San Diego and Los Angeles areas. In recent years, Japanese and European imports, mostly soft goods such as clothing, have entered the market. The hard goods market, however, is still predominantly supplied by the United States. However, more and more products are gradually being made subject to import licensing and the payment of duties in order to expand the market for Mexican products.

The largest single industry in the district is tourism. Twelve to 15 million "border" tourists visit the district each year and spend an estimated $150 million.

A FACTOR IN GROSS NATIONAL PRODUCT: Celanese Mexicana, S.A., plant in Ocotlan, located at northeast corner of Lake Chapala on the railroad, Jalisco State, Mexico. Its products include acetate filament, colored acetate filament, triacetate filament, and nylon filament.

The Mexican Government is well aware of the benefits of tourism, and during 1963 completed a modern border entrance facility and a two-lane toll highway between Tijuana and Ensenada. New motels, hotels, and other tourist facilities are under construction.

The road system of the district is inadequate but being improved. The two-lane Ensenada toll highway has made travel easier. Funds have been authorized for the construction of a road around the southern tip of the peninsula, but no starting date for construction has been announced. By 1970, a transpeninsula highway from Ensenada to La Paz is expected to be built.

Ensenada is the district's main port. Cotton from the Mexicali Valley is the principal export. A small boat repair yard is located at the port.

Electrical power for the State of Baja California is provided largely by a modern thermoelectric plant at Rosarito, some 15 miles south of Tijuana. Construction of a salt water conversion plant at Rosarito is expected. Small-scale mining of iron ore is taking place in the Ensenada area, and exploration for other minerals is underway. Oil has been located in the peninsula but not yet developed. The main problems are a chronic shortage of fresh water and a too great dependence on tourism.

Mexicali Consular District.—The Mexicali consular district takes in all of the Mexicali Valley south to the Gulf of California fishing village of San Felipe and extends eastward beyond the Colorado River into that part of Sonora which includes the important border transit town of San Luis. The Mexicali Valley, which is the extension of California's Imperial Valley, is a flat, hot, arid desert area bordered on the west by a mountain range. It was once completely under the Gulf of California. This land has been made productive by irrigation from the Colorado River.

The principal city in the district is Mexicali, which is the capital and largest city of the State of Baja California. With an estimated population of 291,000 in 1965, it is the seventh largest city in Mexico. It is reported to be one of the fastest growing cities in the nation because of its attractive opportunities for employment and investment.

The economy of the Mexicali Valley is based primarily on agriculture. The area produces about one-fourth of Mexico's cotton as well as significant quantities of wheat, alfalfa, and barley. Tourist earnings play a secondary role in sustaining the economy of the valley. Active commerce with the United States contributes heavily to making this one of the most prosperous regions of Mexico.

Industrial development has been limited thus far mainly to gins and cottonseed oil. However, in addition to 35 gins and 3 oil mills, there are several fertilizer and insecticide plants, 2 flour mills, 1 large brewery, 7 bottling plants, a truck assembly plant, food processing industries, and machine shops. In order to foster the development of industry in the region, the State government has promulgated a law granting franchises and tax exemptions for periods up to 10 years to new and needed industries.

About a million persons pass the international border per month in each direction at Mexicali. However, only a few of them enter Baja California as genuine tourists; most of them are border-crossers living in the area. The district's most popular tourist attraction is San Felipe, 125 miles south of the border, where lively sport fishing in the Gulf of California attracts many U.S. sportsmen.

This district enjoys the same free zone status as Tijuana, a status which has stimulated commerce on both sides of the border and has greatly helped in the development of this relatively new State.

The Mexicali Valley is connected to the interior of Mexico by an adequate hard-surfaced highway and by the Sonora-Baja California railroad. The valley also has air service to major Mexican cities. The district does not have a seaport. Good highways, rail, and air connections link the valley with U.S. cities.

Nogales Consular District.—The Nogales consular district includes the entire State of Sonora except for the small triangle of desert west of the Sonoyta-Puerto Penasco highway.

The mountainous arid eastern area which borders the State of Chihuahua and the northwestern dry region is noted for the mining of copper, lead, graphite, gold, and silver and for undeveloped uranium deposits. The extracting and smelting of copper ore is the most important of the mining operations.

The north central plateau is suitable primarily for cattle grazing. Northern Sonora exports over 175,000 head of cattle to the United States annually.

The most productive zone includes the southern flat coastal land and river valleys which support extensive agriculture through irrigation. The rainfall of 14 inches and less normally would limit agriculture to ranching and some marginal dryland farming. However, in the past 15 years, nine large dams have been constructed and their reservoirs have provided sufficient water in the southern half of the State for both large-scale irrigation and extensive hydroelectric power.

This rapid development of agricultural production is the most significant economic factor in the increasing prosperity of the region. Former desert lands have been transformed into intensively cultivated fields producing wheat, cotton, winter vegetables, corn, and oilseeds. Almost 90 percent of Mexico's wheat is produced here. A sizable proportion of Mexico's winter vegetables are also grown in the district. Tomatoes are the principal winter crop. Estimates of the total annual value of the winter vegetables

shipped from this area in recent years range up to $60 million.

Industry in the State of Sonora is tied to agriculture in the main although there are insecticide and fertilizer plants, flour mills, cotton gins, meatpacking plants, shrimp packing and freezing facilities, and a cement plant. Some small-scale shipbuilding is done at Guaymas where there is also a small factory producing fish flour.

Large shrimp fleets operate out of the Port of Guaymas. The substantial catches are frozen and shipped by rail and truck to the United States. The port facilities at Guaymas are being renovated and redeveloped under a large scale project of PRONAF. Guaymas is also an attractive place for many tourists.

Tourists from the western part of the United States enter Mexico at the free zone city of Nogales, which is the northern terminus of Mexico Highway No. 15, the major west coast highway leading to Mexico City. The railway, Ferrocarril del Pacifico, S.A., serves the west coast of Mexico and terminates in Nogales where it makes connections with the Southern Pacific. Modern airports have been built at Ciudad Obregon, Guaymas, Hermosillo, and Nogales, with air service daily between Mexico City and Hermosillo as well as Tucson, Arizona.

The number of U.S. tourists entering Mexico through Nogales has increased appreciably each year for several years. Improved accommodations such as better hotels and restaurants are primarily responsible for the increase.

The estimated population of the consular district for 1965 was nearly 1 million. The capital of the State, Hermosillo, was first with 142,000 inhabitants and Ciudad Obregon next with 100,000. Nogales, Guaymas, and Navojoa had about 50,000 inhabitants each.

Ciudad Juarez Consular District.—The Ciudad Juarez consular district comprises the entire northwestern State of Chihuahua, largest in the Mexican Republic, with an area of 94,831 square miles and an estimated 1965 population of 1.5 million. The State increased in population by 45 percent between 1950 and 1960; it continues to attract outsiders with its growing industry and high wages. Its principal cities are Ciudad Juarez (estimated 1965 population 379,000) on the frontier opposite El Paso, Texas; the capital, Chihuahua (206,000), in the center of the State; Delicias (58,000), an agricultural center just south of Chihuahua; and Hidalgo del Parral (54,000) located in the mining area on the southern border. All four cities are located on the excellent Ciudad Juarez-to-Mexico City-all-weather highway No. 45. Most population centers in the State are accessible by fair-to-good roads, with several additional important roads presently under construction. A main line of the Mexican National Railways runs north and south, connecting Ciudad Juarez and Chihuahua with Mexico City. The Chihuahua-Pacific Railroad links Chihuahua with the west coast across the Sierra Madre Occidental, thus providing access to Pacific ports.

The climate is semiarid in the central plains regions, with extremely arid conditions in the desert to the east and a subhumid climate in the mountainous areas to the west. The four seasons are distinct in the State, with temperatures ranging from 22° to 109°F. The elevation of the State goes as high as 3,000 feet.

The State divides conveniently into four sectors from a center at the city of Chihuahua. The northeast area, sharing a long boundary with West Texas, is very dry, mostly desert, supporting marginal cattle raising along its western edge. The southeast sector is less dry and encompasses the most important agricultural area of the State. Much of that area is irrigated. The southwest section is very mountainous and lightly populated. In it is located Copper Canyon which rivals the Grand Canyon of Arizona in beauty and size. The canyon is now accessible to tourists by the Chihuahua-Pacific Railroad which makes a brief stop near the edge of the canyon. The northwest portion of the State is bordered on the west by the mountains of the Sierra Madre Occidental.

On the eastern plains of this region are found the principal cattle ranches and important farming areas.

Forest products, cattle, and minerals are the principal resources of the State. With nearly 4 million acres of exploitable forest land, Chihuahua produces one-third of Mexico's commercial lumber and pulpwood. Of cattle and meat, it is the largest exporter and vies for first place as producer among the Mexican States.

Mining, agriculture, and commerce contribute about equally to the State's economy, following the forestry and cattle industries in importance. Chihuahua accounts for one-third of Mexico's total mineral production, including two-thirds of all lead and zinc produced in the country. Also important is the production of copper, silver, and iron.

Only a million and a half acres of land are under cultivation, about one-third of the cultivated land is irrigated. Cotton grown for export has traditionally been the most important agricultural crop, although production has been declining for several years. Beans grown for domestic consumption are next in importance, followed by corn and wheat. Other crops are oats, alfalfa, peanuts, and apples.

The two trading centers of importance in the State are Chihuahua and Ciudad Juarez. Chihuahua serves the agricultural and commercial activities of the cen-

tral and southern portions of the State. Commercial activity in Ciudad Juarez is dependent to a large degree on tourism, as most local citizens purchase many of their requirements, especially clothing, in the United States. Ciudad Juarez is working to increase its attractiveness for tourists who visit throughout the year. A modern racetrack was opened in 1963, and PRONAF is finishing construction of a modern convention and exposition center. This center will include a large luxury hotel, exposition hall, commercial shops, museum, and a handicrafts center. Tourism is much less developed in the rest of the State although Chihuahua city has several comfortable hotels.

Chihuahua is actively seeking new industries and is offering land grants and tax reductions as inducements. Although it has grown industrially over the past several years, industrialization is still in the beginning stages and is expected to grow at a steady pace. Leading industries include wood pulp and viscose factories, lead and zinc smelters, plywood plants, a steel mill, cement and meat packing plants.

Piedras Negras Consular District.—The Piedras Negras consular district covers that part of the State of Coahuila from the Rio Grande to an east-west line drawn 30 miles south of Monclova. Piedras Negras with an estimated population of 57,000 in 1965 and Monclova with 60,000 are the largest cities in the district. Other principal cities by population are: Nueva Rosita (40,000), Muzquiz (38,000), Sabinas (30,000), and Ciudad Acuña (23,000).

This district is generally semiarid. Least arid is the portion adjacent to the Rio Grande from Ciudad Acuña southeast, including Piedras Negras and the area south approximately to Sabinas. The climate is dry. Summer temperatures prevail 6 to 8 months of the year, with frequent readings as high as 103° to 107° Fahrenheit in July and August. Severe summer drought is not unusual. The October-May period brings frequent rain and drizzle and occasional frost and ice.

This district is predominately agricultural. More than half of the total area is used for cattle ranching. Principal crops are cotton and wheat.

The Altos Hornos de Mexico, S.A., steel mill in Monclova, the largest iron and steel producer in the nation, has brought in several light industries. There are coal mines and coke ovens and a zinc smelter.

The district produces fluorspar ore for export.

Allende has a textile plant.

Piedras Negras and Monclova are the principal trading centers of the district. Most merchandise moved in commercial channels in the district is of Mexican origin, and imported merchandise usually is obtained from Mexican importers rather than from foreign sellers direct. Residents purchase much of their consumer's goods in the United States.

Nearly all of the tourists who enter at Piedras Negras are on their way to the interior of Mexico. There is little cause for tourists to tarry in this district, which can be transitted easily in 4 hours.

The Piedras Negras-Mexico City highway links the principal cities in the district directly with Saltillo, the capital of Coahuila. The district is served by the Mexican National Railways, which link the district's principal cities with Saltillo and other cities in Mexico. Thrice-weekly air service connects Piedras Negras and Monclova with Saltillo and Mexico City.

Development has been slow in the district with the exception of the industrial expansion in Monclova. About to start operating in Nava—25 miles south of Piedras Negras—is a 37,000 kw. thermoelectric plant which will supply electric power to cities throughout the district. Amistad Dam, to be completed in about 1969 on the Rio Grande just above Ciudad Acuña, will provide water for irrigation of a large area of arid land adjacent to the dam. It will also supply electric power. PRONAF is giving Piedras Negras an impressive facelifting. Ciudad Acuña is expected to be improved also.

Nuevo Laredo Consular District.—The Nuevo Laredo consular district comprises that part of the State of Nuevo Leon lying north and west of a line drawn across the State through Golondrinas (which is not included in this district) and Paras (which is included); and that part of the State of Tamaulipas that lies north and west of a line drawn just north of the city of Mier, from the Rio Grande westward across the State. The land area approximates 5,200 square miles. The main cities and towns of the district are Nuevo Laredo, Nueva Ciudad Guerrero, Ciudad Anahuac, and Lampazo. The population for the district was estimated at 140,000 in 1965. The land is mostly flat, with a few rolling hills. The climate is hot and arid most of the year, and there is very little cold weather, even during the winter months.

Agriculture and cattle raising are the main occupations. Products of agriculture are corn, sorghum, grain, and wheat. Cattle is normally exported to the United States. The main products of industry are shortening, soap, ice, cottonseed cake, cottonseed cooking oil, and clothing.

Tourism is important. Nuevo Laredo is the largest port of entry for tourists from the United States. It holds first place as a port of entry and exit in the import and export of merchandise, and that trade is one of the main sources of its income.

Matamoros Consular District.—The Matamoros consular district is in the extreme northern part of the State of Tamaulipas. The main cities and towns

are, by population: Matamoros (127,000), Reynosa (107,000), Valle Hermoso (19,000), and San Fernando (6,000), according to 1965 estimates. The area is flat and covered with light vegetation. The climate is mostly hot and humid in the summer. The mild winter season is from late November to March.

Agriculture and petroleum refining are the most important economic activities. Principal agricultural products are cotton, sorghum, and corn. Tourism contributes importantly to the economy. Reynosa is a petroleum center with a small refinery.

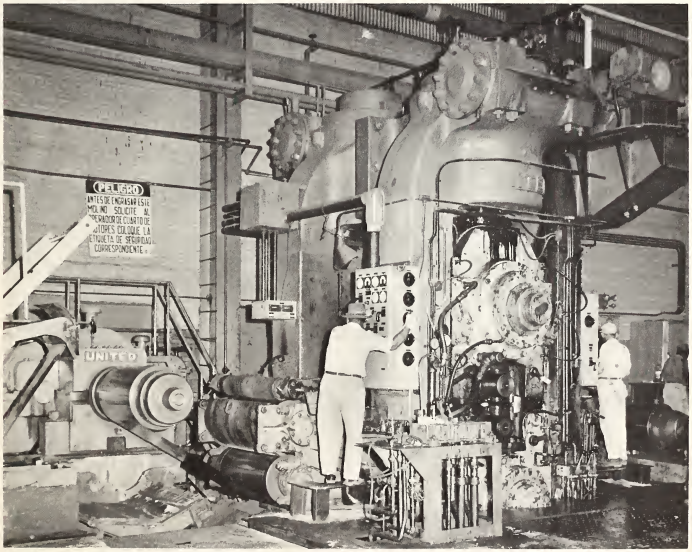
POPULATION AND PRINCIPAL CITIES

Mexico's population was an estimated 40.4 million in mid-1965. It had been counted in the 1960 census at 34,928,134 and in the 1950 census at 25,779,246. The increase in population averaged 3.078 percent annually in 1950-60 and an estimated 3.5 percent annually in 1961-64. The population of each of the 32 States and Territories is shown in table 5. Table 6 shows the population of the 38 largest cities according to the 1960 census and their estimated 1965 population.

Fifty-five percent of Mexico's population is mixed; 15 percent, white; 29 percent, Indian; and 1 percent, unspecified. Spanish is the official language, and the predominating religion is Roman Catholic.

About 30 percent of the population lives in the central region where the Federal District is located. Over half of the population is under 20 years of age, and 71 percent of the population above the age of 6 is literate.

The 1960 census showed over 15,000 Americans living in Mexico. Apart from a large number of retirees, most of the 15,000 are engaged in manufacturing and service industries. Many are representatives



FIRM AND STRONG: A sure hand controls a finishing mill in the cold mill department of a steel mill in Monclova, Coahuila State, Mexico.

or employees of U.S. firms. Almost 3,000 Americans live in Mexico City and its suburbs.

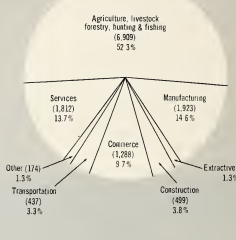
About half of Mexico's population lives in cities and towns of 2,500 or more inhabitants. There were 419 population centers of 5,000 or more inhabitants each in 1960 (see table 7). The Mexico City metropolitan area, which is comprised of the Federal District and the surrounding suburban and industrial areas of the State of Mexico, overshadows the rest of Mexico. Mexico City is the political, financial, industrial, commercial, and cultural center and the Capital of the Nation. According to the 1960 census, the Federal District, including Mexico City, had a population of 4,870,876. It is estimated that the District had a population of 6 million in 1965 or about 15 percent of the country's population.

Mexico City has the highest concentration of skilled labor, electric power, excellent communications, and a favorable climate. About 50 percent of the nation's industry (in terms of value of production) and over 55 percent of the nation's labor force are located there. Important industries include publishing, chemicals, textiles, apparel and footwear, automobile assembly, metalworking, pharmaceuticals, construction, and all types of consumer goods.

Chart 2

Economically Active Population by Major Occupations, 1964

Thousands of Persons



Source: Nacional Financiera, La Economia Mexicana en Cifras, Mexico, D.F., 1965

TECHNIQUE AND FACTORY MANAGEMENT: Mechanization of packing has come a long way in this cigarette factory in Monterrey.

Mexico's second largest city is Guadalajara, Jalisco State, with a population of 734,346 in 1960 and an estimated 1 million in 1965. Situated in an agricultural and livestock-producing region, Guadalajara's industries include textiles, metal products, tanning, footwear, tequila, chemicals, and cement.

Monterrey, Nuevo Leon State, is the country's third largest city with a population of 609,993 in 1960 and an estimated 806,000 in 1965. It is the second most important industrial center after Mexico City. Important industries in Monterrey include iron and steel, metalworking, glass, textiles, apparel, beer, chemicals, paper and paperboard, cement, truck and bus bodies, tiles, refractory and construction brick, and a variety of consumer items. Monterrey's location on the main rail and highway connections between Nuevo Laredo, the principal border point of entry into Mexico, and Mexico City has favored its development on account of both trade and tourism.

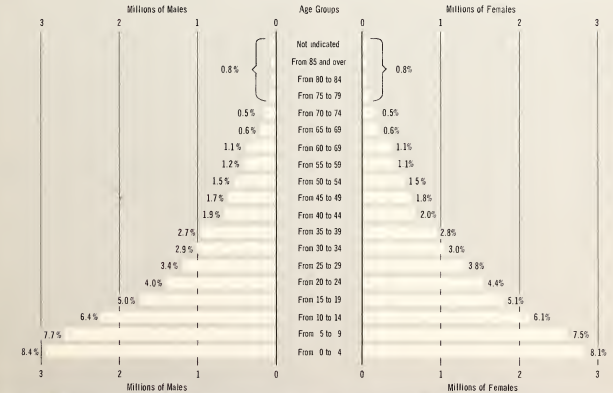
Mexico has 34 seaports of which the largest and most important are located on the Gulf of Mexico. Best known and most active of these ports are Vera-

A NEW YEAR: Classes have just resumed for the boys and girls of this private grade school, Coahuila State, Mexico.

MONTERREY GLASS: A glass pitcher is inspected carefully during its manufacture in Monterrey, Nuevo Leon State. Glass products constitute one of the principal industries of Monterrey. Still other industries in the city produce chemicals, consumer products, metals, and textiles. Its output of goods gives Monterrey an importance next to Mexico City itself as an industrial center in Mexico.

Chart 3

Population by Sex and Age Groups - 1960



Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, Anuario Estadistico de los Estados Unidos Mexicanos, 1962–1963, Mexico, D.F., 1965

cruz, Veracruz State, and Tampico, Tamaulipas State. The most important ports on the west coast are Manzanillo, Colima State; Mazatlan, Sinaloa State; Guaymas, Sonora State; and Ensenada, Baja California State.

Nuevo Laredo, the most important land port of entry, is located on the Mexico-United States border 150 miles south of San Antonio, Texas, and accounts for nearly one-third of the value of the nation's imports.

INCOME AND CONSUMPTION PATTERNS

Per capita income for 1965, estimated at $410, is among the highest in Latin America. However, approximately one-half of the population reportedly has a per capita income of less than $125 per year. This unbalanced income distribution, principally affecting the primary activities, such as agriculture, livestock raising, fishing, and forestry, is considered to be an important obstacle to Mexico's increased rate of economic development and the attainment of the Alliance for Progress objective of an annual per capita income growth of 2.5 percent. The Alliance for Progress is a program under which the United States will provide long-term support for economic development programs created by the developing Latin American countries in a 10-year period beginning in 1961.

Three-fourths of the families in Mexico accounted for one-third of the personal income of the Nation and less than 2.5 percent of the families accounted for almost 25 percent of the total in 1957 as shown in table 8. Table 9 shows the distribution of family expenditures. These data sharply reflect the comparatively small size of the internal market for consumer goods and services. Income distribution has improved only slightly since 1957.

The annual per capita gross product by States in 1960 show Baja California leading with $821. The northern tier of States has a consistently high per capita gross product as follows, in dollars:

State or Territory	*Amount*	*State or Territory*	*Amount*
Baja California, N.	821	Colima	230
Distrito Federal	683	Jalisco	225
Nuevo Leon	543	San Luis Potosi	217
Tamaulipas	488	Mexico	207
Sonora	456	Aguascalientes	189
Coahuila	416	Guanajuato	182
Chihuahua	402	Puebla	181
Baja California, S.[1]	351	Zacatecas	178
Quintana Roo[1]	324	Queretaro	155
Sinaloa	299	Tabasco	149
Durango	277	Michoacan	149
Campeche	268	Tlaxcala	144
Yucatan	263	Chiapas	139
Veracruz	254	Hidalgo	137
Nayarit	246	Guerrero	131
Morelos	245	Oaxaca	109

[1] Territory.

Source: Bank of Mexico, Department of Regional Economic Studies, November 1961, Mexico, D.F.

An average family in Mexico spent in 1960 almost 42 percent of its income for foodstuffs; about 15 percent for household expenses, including rent and utilities; about 8 percent for apparel and shoes; almost 9 percent for consumer durables; and the remaining 25 percent for entertainment, taxes, household help, and other activities, according to a study by the Ministry of Industry and Commerce.

Outlays for foodstuffs ranged from as much as 54 percent of total family expenditures in Leon, Guanajuato State, to as little as 35 percent in Aguascalientes, Aguascalientes State. Household expenses ranged from 20 percent in Tijuana, Baja California, to 11 percent in Aguascalientes. Purchases of apparel and shoes accounted for almost 12 percent of total family expenditures in Veracruz, Veracruz State, and to as little as 4 percent in Ciudad Juarez, Chihuahua State.

STRUCTURE OF THE ECONOMY

Mexico, having reached a sustained rate of economic growth, is cited as the one country in Latin America in which the Alliance for Progress objectives are being most fully attained.

The gross national product in 1964 was valued at $18 billion in current prices and at $7.5 billion at 1950 prices. Since 1950, the Mexican economy has had an average annual rate of real growth of almost 6 percent. The gross national product, expressed in constant 1950 prices, increased from $3.3 billion in 1950 to $7.5 billion in 1964. In recent years the annual GNP growth rate has exceeded the target set by Mexico's Immediate Action Plan of 5.4 percent annually for the 1963-65 period. The plan called for coordinated investments to foster economic growth. Growth was 6.3 percent in 1963, 10 percent in 1964 and 5.1 percent in 1965, as shown in table 10. Table 11 shows a breakdown of the GNP by major economic sectors for selected years.

The investments proposed by the plan to boost the GNP growth rate totaled $6.3 billion and were about equally divided between the public and private sectors. Of public sector investment, about half was to be generated domestically, with the remainder, about $500 million per year, to be obtained through foreign credits. About three-fourths of public sector investment was for basic development of agriculture (largely irrigation), industry (power and petroleum), and communications (highways and railways), with the remainder largely devoted to social welfare projects.

In the private sector, investment was directed mainly into manufacturing (40 percent), construction (33 percent), agriculture and livestock (14 percent), with transportation, mining, and other activities accounting for the remainder. The bulk of the financing

was expected to come from domestic sources, with an estimated $100 million annually from private foreign capital.

Manufacturing activities, which contribute one-fourth of the value of goods and services produced, have grown an average of 8 percent per year in the past decade. This growth reflects the effects of the Government's import substitution program as well as its implementation of policies aimed at diversifying Mexico's output for export markets.

Commercial activities, which also account for roughly one-fourth of the gross national product, have had an annual rate of expansion of 6 percent since 1950. Thus, confidence prevails in business and financial circles concerning Mexico's economic future.

Agricultural activities, including livestock, provide employment for more than half of the population, but contribute less than one-fifth of the total value of goods and services.

Mexico's objective under its Immediate Action Plan (1963-65) was to enable the country's per capita income to grow and, if possible, to exceed the Alliance for Progress growth rate of 2.5 percent per year. Mexico's import substitution, export diversification, and industrial programs are to continue principally under private sector guidance and management. However, increased attention to the agricultural sector is planned so as to raise rural income levels and to expand the internal Mexican market.

Mexico traditionally incurs a deficit in its international transactions on current account. Merchandise imports exceed merchandise exports. Net invisible earnings, principally from tourism and border transactions, are not sufficient to offset the trade deficit. Official loans and credits from the United States and international lending institutions and foreign private investments normally provide the means of covering the deficit and permit Mexico to maintain or even add to its international holdings of gold and foreign exchange, principally dollars.

From 1956 to 1962, Mexican imports ranged from $1 billion to $1.2 billion dollars annually. Because of the increased supply of foreign exchange, the application of import licensing was relaxed in the spring of 1963. There was also an upward surge in industrialization, stimulated by Government programs and a noteworthy increase in public sector investments, which more than offset a modest decline in direct foreign private investment in 1963. As a result, imports rose to $1,240 million in 1963 to $1,493 million in 1964 and to $1,561 in 1965.

Mexican exports are considerably less than imports, and a merchandise trade deficit of more than $200 million has occurred every year since 1959. The 1963 deficit was $304 million, the 1964 deficit, $471 million and $450 million in 1965. Net receipts from tourism and border transactions have risen each year and there have also been credits from gold and silver sales and remittances by migrant workers.

In recent years, Mexico has enjoyed good international credit standing, both public and private, and there is general confidence in Mexico's fiscal management and economic development. Main indicators of the foreign sector in Mexico's economy appear in the table on page 30.

Wage information based upon union labor contracts for 1964-65 shows semiskilled workers in building trades in the Capital and throughout the State of Mexico averaging $3.60 to $4.00 a day for carpenters, bricklayers, masons, and other skilled building trade workers. Common laborers in building-trades averaged $1.84 a day; the minimum was $1.72.

In industry, light manufacturing, clothing, and textiles, workers in Mexico City and the Federal District averaged between $2.80 and $3.60 a day, depending on the type of work performed. In Puebla, the newly mechanized and automated textile plants utilizing a small labor force were paying $4.00 to $4.40 a day. Social benefits, accident insurance, vacations, and pensions average 40 to 45 percent of the wages and are an additional labor cost.

Oil workers, who can be considered the aristocrats of the labor force, average $8 a day, including savings plans and social benefits for the semiskilled labor force, and $5 a day for common laborers.

Railway workers and telephone workers average $4.00 to $4.80 a day, with wages going up to approximately $8.80 a day for skilled labor in these fields.

Steel plant workers and shipyard workers had an average wage scale of $3.60 to $4.00 a day for unskilled labor with approximately 25 percent more for semiskilled workers. Auto workers working on assembly lines received between $3.60 to $4.80 a day.

DEVELOPMENT PROGRAMS AND ASSISTANCE

Mexico's Immediate Action Plan, 1963-65, proposed to attain the Alliance for Progress growth rate objective of 2.5 percent per year. Given Mexico's normal net population growth of almost 3.5 percent, the Plan's goal was a 5.4-percent annual increase in the gross national product by 1966.

Under the Alliance for Progress, Mexico has received about $800 million in public loans since January 1, 1961. As of September 1964, the U.S. Government had provided Mexico with $350 million in capital assistance in the form of loans and credits. In addition, under the Food for Peace program, the United States furnished Mexico $45.8 million worth of surplus agricultural foodstuffs during the period June 1, 1961, to June 30, 1965, for distribution to

underprivileged groups, particularly school children. This program was discontinued through mutual agreement between the United States and Mexico.

Loans authorized and committed by the United States Agency for International Development—AID—included a $41.5 million agricultural loan to provide credit to small farmers, a $20 million loan for low-cost housing, and over $2 million for the National Agricultural College at Chapingo, near Mexico City.

The Eximbank provided $250 million in loans and credits to Mexico in the period 1960-64. Short-term exporter credits are excluded. The bulk of this assistance has gone either directly or indirectly to support the private sector.

The Inter-American Development Bank—IDB—through its Social Progress Trust Fund has provided over $35 million to help finance irrigation, sanitation, low-cost housing projects, and other social development programs.

The International Bank for Reconstruction and Development—World Bank has loaned Mexico more than $228 million to help finance the construction of electric power facilities, roads, and irrigation works. From its own resources, the IDB has committed $84 million to help finance Mexico's investment program. Finally, Western Europe and Japan have supplied over $30 million in financial assistance.

SIGNIFICANCE OF FOREIGN TRADE

Exports are of great importance to many of Mexico's industries and to agriculture. The National Foreign Trade Bank estimates that the following percentages of domestic production are exported in an average year: cotton, 75; sugar, 29; fruit, general, 5; corn, 10; wheat, 25; tomatoes, 30; henequen, 25; tobacco, 20; fish, 35; pineapples, 32; melons, 45; strawberries, 77; coffee, 68; gold, 15; silver, 81;

Main Indicators of the Foreign Sector in Mexico's Economy, 1963-65

(In millions of dollars and percentage. Annual variation.)

Indicator	1963	1964	1965(a)	1964/63	1965/64
		Value		Relative variation	
International reserves					
Gross reserves	568.5	596.1	575.2	4.9	— 3.5
Net reserves (b)	475.6	503.4	510.8	5.8	1.5
Current transactions					
Balance of goods and services (—deficit)	—206.0	—412.2	—359.6	100.1	—12.8
Balance of trade (—deficit)	—303.8	—470.5	—449.5	54.9	— 4.5
Export trade	935.9	1,022.4	1,110.7	9.2	8.6
Import trade	1,239.7	1,492.9	1,560.2	20.4	4.5
Tourism (net income)	126.3	140.4	158.3	11.2	12.7
Border trade (net income)	180.7	186.7	210.2	3.3	12.6
Remittances from *braceros*	30.8	28.9	16.9	—6.2	—58.6
Payments abroad for direct foreign investments	185.6	236.1	225.9	27.2	— 4.3
Capital transactions					
Surplus in capital account	243.7	566.4	205.2	132.4	—63.8
Long-term capital (net income)	301.4	503.6	197.9	67.1	—60.7
Credits from abroad (—outflow)	155.0	384.4	— 4.6	148.0	.....
Drawings	385.6	695.3	357.8	80.3	—48.5
Amortizations (c)	230.6	310.9	362.4	34.8	16.6
Short-term capital (net inflow or (—) outflow)	— 57.7	62.8	7.3	.....	—88.4

Source: Banco de Mexico, S. A., *Informe Anual 1964* and *Informe Anual 1965* (preliminary). Reported in *Commercio Exterior de Mexico*, March 1966, p. 3, Baneo Nacional de Comercio Exterior, S.A., Mexieo, D.F.

(a) Preliminary figures.

(b) Resources earmarked for internal liabilities in foreign currency deducted.

(c) Includes, for the last two years, expenditures for credits granted abroad to foster Mexican exports.

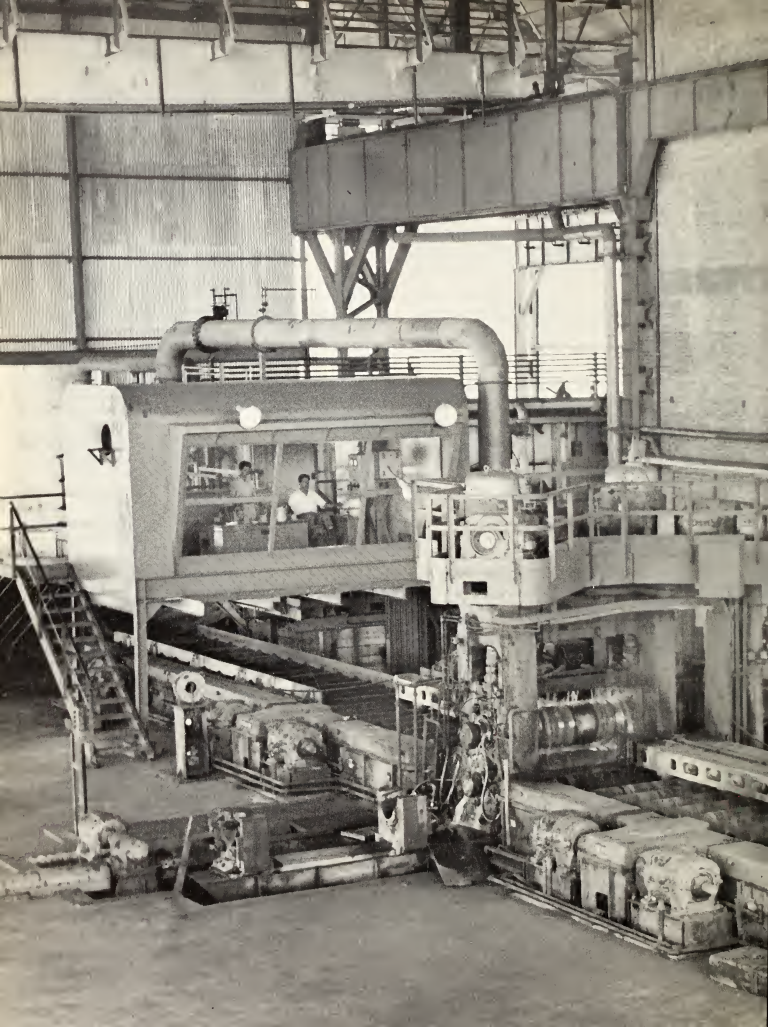
copper, 43; manganese, 90; lead, 70; and zinc, 90 (see table 12).

The leading export products in 1964 were cotton, livestock and meat, sugar, shrimp, and coffee. Mineral and petroleum exports, although declining in recent years, accounted for $180.6 million, or about 18 percent of total Mexican exports in 1964. Manufactured goods exports have increased in value in recent years, but raw materials still account for the bulk of the exports. The Government is anxious to expand exports of manufactures and semimanufactures and to process such products as cotton, cattle, coffee, and minerals within the country to the maximum extent possible. It believes that raw material prices tend to become depressed and the terms of trade, unfavorable.

Since most Mexican manufacturing industries have been developed primarily to supply the domestic market, export outlets would do much to utilize the excess capacity of those industries whose internal markets are not growing rapidly enough. Because of the inability of most Mexican manufactures to compete abroad, primarily on account of high costs, exports of finished goods have been only modest. A major Mexican interest in LAFTA is as an outlet for increased production, but in 1965 exports to LAFTA countries amounted to only $36.3 million. However, shipments to LAFTA countries may increase as more and more tariff concessions are granted within the Association. Exports to the Central American Common Market—CACM, may also expand, but Mexico does not have the advantage of tariff concessions there that it has in LAFTA.

Examples of Mexican exports of manufactures include iron and steel sheet and pipe, copper wire, cotton textiles, motion pictures, phonograph records, books, office and household furniture, alcoholic beverages, binder twine, hormones, and tobacco products.

Despite extensive import substitution, imports are necessary to supply products of kinds not made in Mexico. In addition, Mexican factories turn out only a few types of some product lines, and the others must be imported, as in the case of certain types of electronic tubes. In an effort to hold down the cost of manufacture, the Government has generally required the use of only a certain percentage, usually 60, of locally produced components for some products manufactured in Mexico. The remainder may be imported. Some raw materials, such as special quality steels and other metals, must be brought in to permit manufacture of certain quality products. Factories require machinery and spare parts as well as raw materials. Infrastructure expansion has also created additional import requirements. As a result, imports have increased in recent years despite the expansion of domestic production, and a continued high level of imports is in prospect. United States exports to Mexico in 1964 are shown in table 13.



CHAPTER III

What Sells in Mexico

The trade statistics of imports into Mexico's free zones are not reported by individual commodity classifications nor by country of origin, and, therefore, a detailed analysis of imports into these zones is not possible. For this reason, the commodity market analyses in this chapter deal only with imports into the interior of Mexico unless otherwise indicated. Imports into the interior in 1964 amounted to $1,375.3 million and accounted for 92.1 percent of total imports. Imports into the free zones totaled $117.6 million and accounted for only 7.9 percent of total imports. The United States is by far the leading supplier of the free zone areas, accounting for about 90 percent of total imports into these zones.

Imports by Commodity Sections, 1961-64 are shown in table 14.

Total imports, and imports from the United States, by commodity sections, 1964, are reported in table 15.

The Mexican Government's policy of encouraging domestic production and even requiring the manufacture of certain machinery and equipment, such as automotive vehicles, some construction and agricultural equipment, diesel engines, and typewriters, will tend to reduce or eliminate imports of those products. However, Mexico will continue to require imports of machinery and raw materials as long as its economy continues to expand and industrialize.

Mexico's imports of consumer goods are not large and have, in fact, been declining as the Government's industrialization and import substitution programs have advanced. Therefore, the future for exporters of consumer goods to Mexico is not bright. Firms wishing to take part in this section of the Mexican economy would be well advised to study the possibility of manufacturing their products in Mexico or having them produced there under some sort of licensing arrangement.

MACHINERY, TOOLS, TRANSPORT EQUIPMENT

Machinery, tools, and electrical and transport equipment form by far the most important group of imports, amounting in 1964 to $818 million, or 52 percent of total imports. Of this total, imports into the free zones totaled only $42 million; the rest, $776 million entered into the interior.

A breakdown of imports of machinery and transport equipment by commodity divisions, total and from the United States, is contained in table 16.

Machinery is generally classified in the Mexican tariff according to use. Total imports of machinery so classified in 1964 totaled $87.5 million. The leading machinery imports were for the following industries, in millions of dollars: production of electrical energy, $9.5; pulp and paper, $7.4; textiles, $13.3; agricultural and livestock products, $13.9; chemical and pharmaceutical, $2.8; rubber, $2.1; plastics, $3.1; electrical, $2.1; graphic arts, $1.2; cement, $1.5; iron and steel, $12.3; manufacture of machinery and for other industries, $7.7.

Imports under the classification machines and apparatus totaled $193.3 million. Some important imports were, in millions of dollars: stationary combustion engines, $6.1; threshers, $3; road scrapers or levelers, $3.6; dredges, cranes or excavators mounted on tracks, $1.3; pumps, $3; machines and apparatus

for the printing industry, $4; punchcard tabulating machines, $4.8; adding and calculating machines, $4.2; motor air compressors, $2.5; machine tools of all types, $30; machines, power driven, $6.5; wheel tractors, $19.4; crawler tractors, $10.2; and apparatus for industrial, mining, and artistic use, $4.4. The United States was the principal supplier. Other important suppliers of these commodity groups included Italy, West Germany, Japan, Spain, France, and the Netherlands.

Imports of tools totaled $8.7 million. Leading import items were blowtorches, $224,000; powered handtools, $2.3 million; and handtools of all kinds, $3 million. The United States was the predominant supplier.

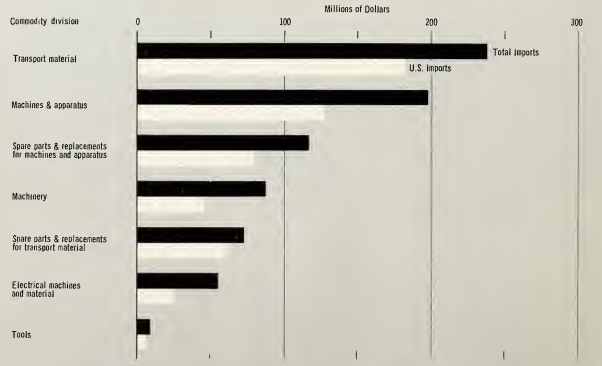
Imports of electrical machinery and apparatus in 1964 totaled $55.5 million. The principal items included, in millions of dollars: generators, $1.4; turbines, $1.7; electric motors, $3.1; transformers, $3.8; electrical insulators, $1.6; electric switches, contacts, and commutators, $8; apparatus and equipment for installing electrical conductors, $2.1; telephone apparatus, $10.3; telegraph equipment, $3; radio communications equipment, $2.6; and control panels, $3.4. The following countries were the principal suppliers of these items: Japan, insulators and telegraph equipment; France, transformers; Switzerland, turbines; and Belgium, telephone apparatus. The United States was the leading supplier of the other items. The United Kingdom and Italy also furnished substantial amounts.

Imports of spare parts and replacements for machinery and apparatus totaled $116.4 million. The leading items were, in millions of dollars: incomplete machines, $3.1; bearings, $7; tubes for electronic apparatus, $2.6; typewriter parts, $2.5; parts for radio apparatus, $2.7; parts for telephones, $1.8; tractor parts, $16.6; and metal parts, not specified, for machines or apparatus used in industry, agriculture, mining and the arts, $37. The United States was by far the predominant supplier of the above except for "incomplete machines", which were mainly from France; typewriter parts mostly from Italy; and telephone parts chiefly from Sweden. Other important suppliers were the Netherlands, the United Kingdom, and Japan.

Imports of transport material amounted to $238 million. Principal imports were, in millions of dollars: railway passenger cars, $2.6; locomotives, $28.3; railway plates and unions, $1.8; railway rails, $12.1; non-rolling railway equipment, $3.2; passenger automotive vehicles to be assembled in Mexico, $92.2; trucks, unassembled, $47; chassis for automotive vehicles, $13.9; and aircraft, $10.2. The

Chart 4

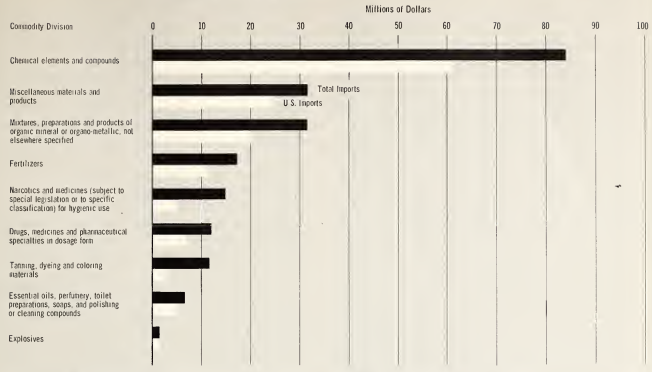
Imports of Machinery, Tools, Electrical and Transport Material, Total and From the U.S. by Commodity Divisions, 1964



Source: Secretaría de Industria y Comercio, Dirección General de Estadística, Anuario Estadístico del Comercio Exterior de los Estados Unidos Mexicanos 1964, Mexico, D. F., 1965.

Chart 5

Imports of Chemicals, Total and From the United States By Commodity Divisions, 1964



Source: Secretaría de Industria y Comercio, Dirección General de Estadística, Anuario Estadístico del Comercio Exterior de los Estados Unidos Mexicanos, 1964 Mexico, D.F., 1965

United States was the principal supplier, except for railway rails, plates, and unions, and equipment, imported mostly from Canada. Imports of automobiles for assembly in Mexico, the largest item in the transport group, will fall off as Mexico's automobile industry produces more and more of its automobile components domestically.

Imports of spare parts and replacements for transport material totaled $72.7 million in 1964. The main items were, in millions of dollars: automobile motors, $7.8; auto crankshafts, $2.3; auto gears, $2.8; auto clutches, $2; auto brakes, $1.9; auto engine parts, $4.9; parts for aircraft, $9.3; boat motors, $1.4; and parts for locomotives, $4.3. The United States was by far the principal supplier of these items.

CHEMICALS AND PHARMACEUTICALS

Chemicals are Mexico's second largest import category, reaching a total value of $226 million in 1964, of which imports into the free zone areas totaled $13.9 million and into the interior $212.1 million (see table 17). Japan and several European countries, principally West Germany, Italy, and the United Kingdom, have made inroads into the market in recent years.

Mexico has a well-developed chemical industry which is growing rapidly, and the outlook is for accelerated growth, especially in the petrochemical field. However, Mexico's industrial base will also continue to expand at a rapid pace, and prospects are that Mexico will be a good market for imported chemicals for an indefinite period. For example, despite the steady growth of chemical production, overall imports of chemicals have continued to increase in recent years. Imports into the interior for 1961, 1962, 1963, and 1964, in millions of dollars, were: $163.7, $175, $194.2, and $212.1, respectively.

Import duties on chemicals and pharmaceutical raw materials not produced in Mexico are generally low to moderate. Permits for the importation of chemicals or pharmaceuticals substitutible by those produced domestically are usually not granted. Pharmaceuticals must be registered with the Ministry of Health before they can be sold in Mexico and are subject to price control.

Imports of chemical elements and compounds into the interior in 1964 totaled $84 million. The principal items were, in millions of dollars: gases of vinyl origin for the production of synthetic resins, $2.5; elemental phosphorous, $4.5; aluminum oxide, $3.2; soda ash, $3.7; caustic soda, $1.9; vinyl monomer, $1; esters derived from phthalic acid, $1.4; tetra-

ethyl lead, $8.9; vinyl benzene, $1.7; polyamide monomers, $5; acetate cellulose, $6.4; and natural or synthetic hormones, not dosified, $2.9.

Tetraethyl lead is now being produced and eventually will no longer be imported. The manufacture of other products will gradually be expanded to the point of self-sufficiency, and new ones will be produced as soon as PEMEX begins production of more basic petrochemicals. However, a wide variety of chemical elements and compounds that are now being imported in significant quantities as well as new ones will need to be imported in even greater amounts.

The domestic production of tanning and dyeing materials is growing, and the outlook is for a gradual reduction of imports, especially of dyeing materials. Imports into the interior of this group totaled $11.8 million and consisted mainly of:

Anilines and coal tar colors, $6.9 million, mostly from Switzerland which supplied $3 million, from West Germany which supplied $1.4 million, and from the United States which supplied $1.1 million. Quebracho extract, $752,000, nearly all from Argentina; and pigments or colors derived from coal tar, $720,000, mostly from the United States.

Imports of narcotics and medicines subject to special legislation or sanitary control amounted to $15 million and consisted principally of the following, in millions of dollars: tetracycline, $5.4; chloramphenicol, $1.7; erythromycin, $1.1; antibiotics, n.e.s., $1.8; injectable solutions, n.e.s., $1.2; and penicillin, $1.5. The United States was the principal supplier.

Mexico imports a wide variety of drugs, medicines, and pharmaceutical specialties; however, only a limited number of these individual items are imported in substantial quantities. Total value of such imports in 1964 amounted to $12 million. These items are somewhat difficult to identify because they enter under broad classifications. Following are the most important classifications, in millions of dollars: ampules containing injectable solutions, $1.2; capsules containing medicinal substances, $1.1; medicinals in granules, pearls, or pills, $2.5; drugs and pharmaceutical specialties, n.e.s., $2.5; and drugs and medicines for veterinary use, n.e.s., $1.4. The United States was the principal supplier, but many European countries and Japan supplied important amounts.

Imports under the category essential oils, perfumery products, toilet preparations, soap and polishing and cleaning preparations are limited largely to raw materials, since Mexico is nearly self-sufficient in the production of the finished items. Chief imports under this group in 1964 included the following, in millions of dollars: essential oil of menthe, $0.5; essential oils, natural or synthetic, not derived from fruits, $3.5; and extracts for the manufacture of soft drinks, $0.5. The U.S. was the principal supplier.

Mexico's production of chemical fertilizers is growing, but substantial quantities are still imported. Total imports in 1964 were valued at $17.4 million. The principal imports were, in millions of dollars: anhydrous ammonia, $6.7, nearly all from the United States; urea-based fertilizers, $1.6, mostly from Japan and West Germany; chemical fertilizers of mineral origin, n.e.s., $4.5, mostly from Japan, West Germany, and the United States; ammonium nitrate-based fertilizers, $1.5, all from the United States. Prices on certain types of fertilizers are lower in West Germany and Japan than in the United States.

The principal explosives imported in 1964 were nitrocellulose, pyroxyline, and cotton gunpowder, $960,000; and dynamite, $320,000. The United States was the chief supplier.

The group, miscellaneous materials and products, comprises a wide range of items. Total import under this group amounted to $31.7 million; the main import items are synthetic resins and insecticides. The principal imports in 1964, in millions of dollars, were: synthetic resins, n.e.s., $2.1; polyethylene resins, $7.6; propylene, $1.2; methylic parathion, $3.1; parathion-based insecticides, $1.8; DDT preparations, $0.9; and insecticide preparations, n.e.s., $6.6. The United States was the predominant supplier.

The leading items imported under the category, mixtures, preparations, and products of organic, mineral or organometallic origin, n.e.s., which totaled $31.6 million in 1964, were in millions of dollars: mixtures and preparations for the manufacture of pharmaceutical products, $5.2; mixtures, n.e.s., for the manufacture of additives for lubricants, $2.7; mixtures for the petroleum industry, $3.5; and mixtures for unspecified industries, $3.6. The United States was the principal supplier.

OTHER MANUFACTURED GOODS

Imports of other manufactured goods, i.e., those not discussed elsewhere, are the third largest import category. They totaled $195 million in 1964, or 13 percent of Mexico's total imports. Of this amount, $160 million were imported into the interior of Mexico and $35 million into the free zones (see tables 18 and 19).

Three groups make up 60 percent of this imported group: (1) Professional and scientific instruments, photographic apparatus, optical goods, and watches, $46.8 million; (2) base metals, $33.6 million; and (3) paper and cardboard and manufactures, $37 million.

There is and should continue to be a good market in Mexico for scientific, medical, and laboratory equipment. Although the domestic manufacture of certain types of hospital and medical equipment has begun, prospects for continued imports of many prod-

ucts are good. Among the major import items, with values in millions of dollars, in 1964 were: observation devices, n.e.s., $6.2; apparatus, instruments, and spare parts for the study and practice of science, $6; laboratory equipment, $1.6; and X-ray apparatus and spare parts, $1.5. West Germany was the strongest competitor of the United States in these lines, followed by the United Kingdom, France, the Netherlands, Belgium, Switzerland, and Sweden.

Imports of film of all kinds, including moving picture films and negatives, were valued at $5.9 million. Canada, Belgium, the Netherlands Antilles, and West Germany were the chief United States competitors. Imports of cameras and accessories totaled $2.1 million and imports of movie projectors and accessories, $1.2 million. West Germany, Japan, and the United States were the leading suppliers.

Imports of watches and clocks—wrist, pocket, wall and table, movements, cases and parts—were valued at $6.4. Switzerland, the United States, and West Germany were the major suppliers.

Other items in this group include such products as timers for stoves, ovens, and toasters, manometers, longitudinal measurers, levels, precision scales, dental equipment, false teeth, microscopes, hearing aids, and apparatus to measure electricity, gasses and liquids.

The second largest group in this commodity classification is base metals. Because of Mexico's well-developed iron and steel industry, most products in this group are subject to import licenses, and only those products not made in Mexico are allowed to be imported. The establishment in 1963 of an aluminum refinery will eventually eliminate imports of aluminum.

Important items in this group imported in 1964 included, in millions of dollars: iron and steel bars, $3; steel pipe and tubes, $3.1; steel cable and wire, $1.5; iron and steel elbows, crosses, T's, unions, and other connections, $1.7; steel sheets including stainless steel, $8.6; steel girders and beams, $1.5; aluminum, aluminum bars, wire, and cable, $3.6; nickel, nickel wire, tubing, sheet, and bars, $1.7; tin ingots, $1.1; magnesium, $0.3; ferroalloys, including wire and cable and other specialty items, such as copper wire and pipe and copper alloy products, made up the remainder. The United States main competitors were West Germany, the United Kingdom, Sweden, France, Japan, the Netherlands, Canada, and Italy.

The third largest import group—paper, cardboard and manufactures—with a total value of $37 million —consists almost entirely of two items: newsprint and printed matter. Newsprint imports have averaged $16 million yearly since 1959 and account for 95 percent by volume of all paper and paperboard imports. These have been imported chiefly from Finland, Sweden, Canada, and the United States although Chile has also expanded its sales to Mexico. Because of the development of a diversified domestic paper industry, only specialty papers, such as sensitized paper for photographs and some types of glassine and couché (besides newsprint), can be imported in significant amounts.

Imports of paperback and hardcover books, magazines, and periodicals amounted to $8.8 million in 1964. The United States supplied the largest amount in the catalog, almanac, and periodical publications field. However, in the largest category, i.e., paperback and hardcover books published in Spanish, the United States followed Spain and Argentina as a supplier. For books published in languages other than Spanish, the United States was the leading supplier.

Textile yarns, fabrics, and made-up articles, excluding clothing, are the fourth largest import category in this group and were valued at $9.7 million in 1964.

Mexico's textile industry, one of the country's oldest, is able to supply the domestic market with finished products, and the importation of most textiles is restricted. Imports of raw materials, particularly synthetics, still offer the exporter some opportunities, although the construction of new factories to produce caprolactam and polyester fibers, together with the expansion of existing nylon, acetate, and rayon plants, will further reduce imports. Mexico's synthetic fiber industry is enjoying a boom and is expanding production to meet domestic market demands.

The largest single and only significant textile fiber import item in 1964 was noncellulosic plastic yarns, amounting to $4.5 million. The United States supplied $2.8 million of this total, followed by Italy, $720,000; and Puerto Rico, $560,000. Other import items in this group included: asbestos yarn, cloth and felt, jute yarn, and glass yarn. However, the total import value of these items was only $660,000.

The next largest group is miscellaneous manufactures including such items as musical instruments, phonograph records, tape recorders and tapes, sporting goods, teaching aids and school supplies, games, brooms, brushes, tableware, lighters, pens, pencils, kitchen utensils, liners for vacuum bottles, and spare parts. Since many of the items in this classification are produced domestically, exporters will find import restrictions and duties limiting the market, although the free zones still offer some opportunities. Imports into the interior under this grouping totaled $7.9 million in 1964. The principal imports in this group consisted of sports articles and mechanical playground equipment valued at $1 million, supplied mostly by the United States.

Imports in the classification, base metal manufactures, totaled $7 million in 1964. In this group, by far the largest single item is tin cans for the brewery

industry. Imports of such cans were valued at $1.2 million, and all were supplied by the United States.

Other items among base metal manufactures include specialty products not made in Mexico. They consisted of a wide range of products, such as scissors, chains and accessories, hardware and building materials, specialty copper and copper alloy products; aluminum tanks, rivets, nuts, bolts, nails, unspecified aluminum products; specialty tin manufactures; razors for barber shops, and staples. However, none was imported in large quantities.

Imports of the next largest category comprised of rubber, celluloid, casein, and plastic manufactures, in 1964 totaled $4.1 million. Mexico's production of plastics and rubber goods has grown steadily in recent years and as a result imports of those products have declined. The only significant import items among rubber, celluloid, casein, and plastic manufactures were: single filament rubber thread covered with other threads of all types or uncovered, $368,000; specialty rubber sheets, strips, tubes, and foam rubber blocks and sheets, $485,000; specialty cellulose acetate sheets and manufactured cellulose tubing, $544,000; ebonite or synthetic resin tubing sheets, strips, $550,000; rubber or plastic balls, including footballs, volleyballs, and basketballs, $432,000; and gelatin capsules, $215,000. The United States was the principal supplier.

Manufactures of nonmetallic minerals were valued at $4.8 million in 1964. The major items were specialty refractory materials, including bricks, blocks, and piping containing specified amounts of aluminum oxide, chrome, and chromite-manganese, valued at $1.6 million, virtually all imported from the United States; and specialty glass products. Mexico has a developed and expanding glass industry and is an exporter of certain glass products.

Imports of wood, cork, wicker, rattan, and similar products totaled $3.1 million in 1964. The chief imports were: specialty cut rectangular and cylindrical wood manufactures, limited as to size, $280,000; wood, in specialty cuts, $640,000; special wood pulp or vegetable fiber sheets, $600,000; juniper or larch wood slabs measuring less than 7.87 by 3.9 inches, $472,000; and cooperage, $460,000.

Imports of gold, silver, platinum, and precious stones and jewelry of precious or semiprecious metals, totaled $1.4 million in 1964. The only significant item consisted of cut diamonds, imports of which were valued at $456,000 and were supplied principally by the Netherlands, Belgium, and the United States.

Hides and skins manufactures imported in 1964 were valued at $1.4 million. Eighty-five percent of the total, or $1.2 million, was made up of box calf (cured hides without hair) used for men's shoes and imported principally from West Germany.

Imports of buildings, sanitary materials, and lamps for illumination comprise the next largest import category and totaled $1.3 million in 1964. Of all imports in this category, $1.1 million consisted of lamps and spare parts, including reflectors. The United States supplied the bulk.

Imports of furniture and accessories totaled only $496,000 of which $304,000 consisted of operating tables. The United States supplied $240,000 of this amount. Other imports included wheel chairs, $71,000, and barber chairs, $30,000. Mexico's furniture industry is turning out household and office furniture of all types, both metal and wood, in quantities to satisfy the domestic demand and is, in fact, developing an export market in the United States for some of its products. Exporters of household and office furniture will find import restrictions and a going domestic industry barring imports of these products except in Mexico's free zones.

Imports of clothing articles and accessories into the interior were valued at only $649,000; the United States was the leading supplier. Mexico's domestic clothing industry is well developed and is seeking export markets. Import restrictions severely limit imports into the interior. Such U.S. firms as Arrow, Catalina, Manhattan, and Puritan have established manufacturing subsidiaries in Mexico in order to participate in the expanding market.

Imports into the interior of other apparel items, such as hats, helmets, and footwear and articles for their manufacture, totaled only $357,000, of which the United States supplied the major part. Imports into the interior of household furnishings, such as carpets, sheets and towels, and of luggage, dressing cases, and handbags were insignificant.

Included under the category miscellaneous commodities are such varied imports as arms and ammunition, art and antiques, personal luggage, samples, household effects, decorations, artistic and stamp and other collections, racehorses, breeding stock, and Christmas trees.

Total imports of miscellaneous commodities during 1964 amounted to $7.4 million. By far the largest single import category was arms and ammunition; those imports totaled $5.6 million, and the United States was the predominant supplier.

RAW MATERIALS EXCEPT FUEL

Imports of unmanufactured materials except mineral fuels rank fourth in importance and in 1964 totaled $132.7 million. The United States was the principal supplier. Imports into the interior totaled $129.9 million and into the free zones $2.8 million (see table 20).

The principal raw hides imported into the interior were sheepskins, $134,000; pigskins, $720,000; mink, $104,000; and calf and cattle hides, $7.8 million. The United States supplied most of those items.

Seed imports consisted mainly of cottonseed, $112,000; and soybean seed, $312,000, supplied almost entirely by the United States.

The principal rubber items comprised natural crude rubber, $2.7 million and crude smoked rubber in sheets, $5.5 million, both supplied mostly by the United States and Malaysia; and synthetic rubber, $14.1 million, largely from the United States.

Principal wood and cork items included logs, $134,000, chiefly from Colombia; wooden poles and posts, $2.3 million, nearly all from the United States; construction lumber, $424,000 mostly from the U.S.; and cork and cork waste, $1 million, nearly all from Portugal.

Imports of materials for the manufacture of paper and artificial fibers consisted principally of dissolving grade pulp for the manufacture of artificial fibers, $4.3 million, all from the United States; pulp for the manufacture of paper and paperboard, $5.5 million, mostly from the United States; and waste paper, $1.4 million, nearly all from the United States.

Imports of textile fibers consisted principally of short fibers of noncellulosic origin, $3 million, mostly from the United States; raw wool, $20.5 million, principally from Australia; and bristle, $400,000, from the United States and the United Kingdom.

The principal imports of crude minerals were kaolin, $560,000; refractory clays, $1.7 million; asbestos, mostly in fiber, $4.8 million; phosphoric rock, $2.1 million; calcined magnesite, $3 million; and silica sand, $1.3 million. The United States was

A CAPITAL GOOD: A 44,000-kilowatt-capacity powerplant for a steel mill, Monterey, Nuevo Leon State, Mexico, requires imports of machinery. Powerplants are also being constructed by the Mexican Government.

the chief supplier except for asbestos fibers, which came mainly from Canada.

The leading imports of metallic minerals and scrap were minerals of common nonferrous metals, $1.7 million; and scrap iron, $26.6 million. The United States was by far the principal supplier.

Imports of animal and vegetable products for industrial use consisted mainly of gum arabic, $280,000; gum lac, $300,000; alfalfa seed, $944,000; and sorghum, millet, and milo seeds, $1.2 million. These items were supplied by the United States, principally.

FOOD PRODUCTS

Food products rank fifth in import importance. The value of food imports fluctuates from year to year, depending on Mexican harvests. Food imports in 1964 were valued at $63.2 million of which $48.9 million were imported into the interior and 14.3 entered into the free zones (see table 21).

Imports of packaged and prepared foodstuffs are not significant. The food processing and canning industries have developed substantially in recent years, and several Mexican and foreign food firms, including several subsidiaries of large U.S. companies, have established new plants or expanded existing ones.

The principal items imported into the interior under this commodity group were cereals, grains, starches, and flour; dairy products; live animals; fruits and vegetables; meat and preparations; spices; and other prepared food products.

Imports of cereals, grains, starches, and flour totaled $12.5 million. The main items were corn, $2.9 million; wheat, $1.1 million; unhulled barley, $3.1 million; corn meal, $1.1 million; and wheat flour, $3.7. The United States supplied nearly all those imports.

The United States supplied nearly all the imports of dairy products, eggs, and honey, which amounted to $7.9 million. The principal items were powdered milk, $6.4 million, nearly all imported from the United States for distribution to low income groups and school children by public and private welfare agencies; and margarine and butter, $1 million, all from the United States. Mexico is an exporter of honey; imports of eggs and cheese are not significant.

Live animal imports totaled $6.9 million. They consisted chiefly of baby chicks, $1 million; sheep for breeding, $2.2 million; and breeding cattle, $3.5 million.

Imports of fruits and vegetables amounted to $4.5 million, and consisted principally of hops, $2.2 million; malt barley, $240,000; canned asparagus, $176,000; grapefruit juice, $160,000; unshelled pistachio, $320,000; and apple juice, $152,000. The United States was the chief supplier, except for apple juice, nearly all of which came from Canada.

Meat and meat preparation imports consisted principally of animal viscera and glands, $672,000 and animal gelatin-substances, $944,000. The United States was the predominant supplier.

Total imports of cocoa, coffee, tea, and spices amounted to $3.1 million. Leading imports were cinnamon, $2.6 million, mostly from Ceylon; and black pepper, $148,000, from Indonesia, Malaysia, and the United States.

Other prepared food imports were valued at $10.8 million, consisting principally of fishmeal, $4.8 million, nearly all imported from Peru; oilseed cake for feeds, $3.4 million, all from the United States; and mixtures and preparations for poultry feeds or the manufacture thereof, $1.2 million, mostly from the United States.

MINERAL FUELS, LUBRICANTS, ELECTRICITY

Imports under this group totaled $27.8 million and ranked sixth as an import group. They consisted mainly of petroleum products brought in by PEMEX. During 1964, the leading imports were as follows in millions of dollars: gasoline, $0.8; gas oil, $0.5; fuel oil, $2.8; lubricating oils, $0.9; lubricating greases, $0.7; liquefied petroleum gases, $16.5; natural gas, $2; paraffin, $2.6 million; and electric energy, $1.1 million. Practically all of the imports came from the United States (see table 22).

Mexico has long been a net exporter of crude oil and refined products. However, the continued industrialization of Mexico, is expected to result in a steady decline of residual fuel oil exports. At the same time, the production of petroleum from Mexican fields appears to have leveled off at about 125 million barrels per year. The leveling off suggests that within the next several years, Mexico may no longer be a net exporter but rather a net importer, principally of tailored crudes for refining into kerosene and diesel fuel.

Mexico is not a market for imported lubricants and greases except of specialized types not produced in the country. Standard types are produced in Mexico by a number of foreign firms, using their own brand names, from base stocks furnished by PEMEX.

Mexico is self-sufficient in coal of most kinds. In 1964, imports of special coking-type coal were valued at $500,000, nearly all imported from the United States. Imports of coke, were valued at $1.2 million, all from the United States. These imports may be expected to decline as Mexico's production continues to increase.

Electric energy imports into the northern frontier States will also decline as the Government builds power generation facilities in these areas.

BEVERAGES AND TOBACCO

Imports of beverages and tobacco rank seventh in importance. Total imports under this group in 1964 totald $10 million of which $9.1 million were imported into the interior and $0.9 million into the free zones (see table 23).

Mexico has such highly developed soft drink and beer industries that imports are negligible. Mexico also has adequate production of rum, bourbon-type whisky, gin, vodka, wines, and certain native liquors such as tequila, mezcal, and pulque. Some of these products enter the export market direct or through the tourist trade. Imports of alcoholic beverages are limited by quotas granted to established importers on the basis of past import patterns, and importers utilize their quotas to bring in mainly Scotch whisky and European brandies, liqueurs, and wines to satisfy Mexican preferences.

The principal alcoholic beverages imported in 1964 were wines, $440,000, supplied principally by France and Spain; champagne, $163,000, nearly all from France; Scotch whisky, $1.4 million, nearly all from the United Kingdom; and brandy $720,000, mostly from France. Imports of American whiskies were insignificant.

Imports of tobacco and tobacco products totaled $6.2 million, nearly all of which came from the United States. Mexico has an important cigarette and cigar industry. Imports are limited mostly to blending tobaccos not produced domestically and to U.S.-brand cigarettes. The cigarettes are imported on a quota basis, similar to that established for liquors, and are permitted principally to satisfy the large American tourist trade. However, some U.S. brands are now being produced in Mexico under licensing arrangements, and the prospects are for a gradual reduction of imports of U.S. cigarettes. The main imports in 1964 were: bright filler tobacco, $5.7 million; and cigarettes, $395,000.

FATS AND OILS

Imports of fats and oils of animal and vegetable origin rank eighth in importance as a category and were valued at $3.4 million in 1964. Imports of fats and oils have tended to decline in recent years in proportion to the increase in Mexican production. The trend will probably continue.

The principal items imported under this group in 1964 were: codfish oil, $192,000; stearic acid, $464,000; olive oil, $432,000; tung oil, $112,000; tall oil $168,000; carnauba wax, $160,000; and vegetable oils, n.e.s., $950,000. The United States was the principal supplier of the above items except for olive oil and codfish oil which were supplied principally by Spain and Norway, respectively.

CHAPTER IV

How They Do Business

The main import channels are importing distributors, sales agents and direct importers, branch houses or subsidiaries of foreign suppliers, and the Government.

MARKETING CHANNELS

Importing distributors are playing a decreasing role for many products because of (a) the high share of producers goods to total imports and (b) the tendency to import direct whenever possible. Importing distributors tend to purchase certain lines for their own account and act as sales agents for other large and specialized items for direct delivery to the user.

A common method of selling is through sales agents who solicit business on behalf of their foreign exporter principals. This method is best suited for sales of producers goods direct to users. There is a preference in Mexico for purchasing direct from the foreign manufacturer whenever possible. The Government sometimes encourages this method by granting import permits only to the end user. A sales agent can be useful in selling such buyers. Direct importing is done by foreign subsidiaries that import from their parent organizations.

Foreign suppliers often subdivide the market into separate geographic areas and employ several agents or work through a large Mexico City firm that has numerous salesmen or subagents covering the country.

Subsidiaries and branch houses are established chiefly by large firms that have a sufficient volume of sales to justify the investment. Such organizations enable the foreign supplier to offer service and to retain control of the product and the terms under which the goods are sold. An important disadvantage in establishing a subsidiary or branch house is the large investment required for stocking inventories, servicing, and overhead. Subsidiaries and branches are frequently established in anticipation of assembly or manufacturing facilities.

The Federal Government is by far the largest single importer. Formal public invitations to bid are not used for most purchases. Bidding invitations are sometimes used in connection with important construction projects or when financing is done by an international agency that requires international notice of invitations to bid. Most purchases are made on the basis of quotations obtained informally through a foreign supplier's local sales representative who keeps in touch with the purchasing offices of the buying agencies. When the agencies are ready to buy, they request quotations from several suppliers with whom they are in periodic contact and then choose the offer that seems best.

The Government purchases domestic products whenever possible, in accordance with its import substitution policy. Over 95 percent of the number of orders and an estimated 80 percent of the value of Government purchases are made domestically. Foreign purchases are made only when the products are not made in Mexico or when very large price differentials exist. Railway locomotives, for example, are purchased abroad because they are not manufactured in Mexico. Large purchases of motor vehicles have been made abroad occasionally because of savings.

All Government purchases abroad must be approved by the Committee on Public Sector Imports. Sellers to the Government must be registered with the Inspectorate of Purchases of the Ministry of National Patrimony (the inspectorate). Foreign suppliers must register with the Ministry of National Patrimony in order to be eligible to receive a purchase order. International invitations to bid normally state that if a foreign firm is the successful bidder it must have a registered agent in Mexico before the contract will be awarded.

The inspectorate coordinates Government purchasing and reviews purchase orders to prevent inconsistencies in practices, such as different prices to separate agencies for the same product. The actual buying is done by the individual agencies, not by the inspectorate.

Three agencies account for almost one half of the Government's imports, in percent; PEMEX, 26; Mexican National Railways, 10; and the Federal Electricity Commission, 8.

Another large purchaser is the National Popular Subsistence Company, CONASUPO, which buys basic foodstuffs, such as corn and powdered milk. Still other agencies that import on a significant scale are:

Productora e Importadora de Papel, S.A. de C.V.	Newsprint
Altos Hornos de Mexico, S.A.	Steel manufacturing equipment
Ministry of Public Works	Construction equipment
Ministry of Agriculture and Livestock	Farming and livestock equipment
Aeronaves de Mexico, S.A.	Aircraft and equipment
Ministry of Communications and Transportation	Communication and transport equipment
Ministry of National Defense	Military equipment
Guanos y Fertilizantes de Mexico, S.A.	Chemicals, materials, and equipment
Department of the Federal District	Roadbuilding and repair equipment
Ministry of Hydraulic Resources	Construction equipment
Diesel Nacional, S.A.	Motor vehicle components

BANKING SYSTEM

Mexico's banking system is headed by the Bank of Mexico, the central bank, which regulates currencies, credits, interest rates, the proportion of deposits which banks must maintain in the form of reserves, and loan operations and investments.

The banking system is composed of private and Government banks.

The private banking community includes the country's commercial banks (more than 100) plus industrial development banks known as financieras that are often associated with commercial banks (about 100), and various specialized institutions, such as savings and loan associations, savings banks, mortgage banks, capitalization banks, and trust companies.

The largest private commercial bank systems are the Banco Nacional de Mexico, the Banco de Comercio, and the Banco de Londres y Mexico.

The First National City Bank of New York, the only U.S. bank which operates in Mexico, has four branches in Mexico City. However, several other U.S. banks have representative offices, including the Bank of America, the Bankers Trust Company of New York, the Chase Manhattan Bank of New York, the Chemical Bank New York Trust Company, the Exchange National Bank of Chicago, the Manufacturers Hanover Trust Company of New York, the National Bank of Commerce in New Orleans, the National Bank of Commerce of San Antonio, and the United California Bank.

In the public sector, in addition to the central bank, 25 national credit banks created by the Federal Government provide financial assistance and support to specific sectors of the economy.

The Nacional Financiera, S.A.—NAFIN, Mexico's largest credit institution after the Bank of Mexico, is the Government's development bank. It provides the financial assistance required for manufacturing industries, infrastructure, and basic industries. NAFIN plays an important role in marshalling investment funds from both internal and external sources.

Interest rates charged by commercial banking institutions range from 10 to 12 percent, depending on the type of loan extended.

Mexico has three stock exchanges. They are located in Mexico City, Monterrey, and Guadalajara.

EXIMBANK/FCIA INSURANCE AND GUARANTEES

Two programs are available to help U.S. exporters extend short- and medium-term credit to customers abroad on competitive terms. One program provides insurance issued by the Foreign Credit Insurance Association—FCIA, 250 Broadway, New York, N.Y. and is underwritten by insurance companies which are members of that association. The other program, designed to help exporters obtain nonrecourse financing from their banks, consist of guarantees by the Export-Import Bank of Washington—Eximbank, Washington, D.C., to commercial banks or other financial institutions.

Under the FCIA insurance program, risks covered by FCIA insurance policies are shared between Eximbank and FCIA. Eximbank insures all of the political risks. The commercial risks are assumed by FCIA member companies and may be reinsured with Eximbank.

Insurance for products sold on short term (up to 180 days) provides up to 90 percent protection against credit risks and up to 95 percent against

political risks. FCIA also offers medium-term insurance (181 days to 5 years). Medium-term coverage provides up to 90 percent protection against both credit and political risks. However, for certain markets or buyers, FCIA may request the exporter to assume a higher portion of the risk for his own account. In both short- and medium-term insurance, policies can be issued for both political and credit risks or just for political risks.

Credit risks include insolvency and protracted default. Political risks include currency inconvertibility, cancellation or restriction of import license, expropriation or confiscation, and loss due to war, revolution, or civil disturbance. A rider that covers part of the loss arising from nonacceptance of goods by the foreign buyer is also available with FCIA insurance policies.

Eximbank guarantees of commercial bank financing of medium-term export transactions may be used instead of FCIA medium-term insurance. To help provide such financing—up to 90 percent of the credit without recourse on the exporter—Eximbank provides guarantees to commercial banks where such banks assume the credit risk on the early maturities of notes. As in the case of FCIA insurance, Eximbank medium-term guarantees are available in the form of advance commitments. Such commitments are particularly important in bids in which an American firm must include provision for financing the foreign purchase.

Alike in many respects, the medium-term insurance and medium-term guarantees provide alternative channels. There is no consistent cost differential or advantage between the two, and many exporters investigate both channels. Insurance premiums and guarantee fees vary according to term and degree of risk in different markets.

Eximbank also provides guarantees for U.S. enterprises selling technical and engineering services abroad. Goods shipped on lease or on consignment awaiting sale or goods on exhibit at trade fairs may now be covered against political risks. These guarantees are available on a case-by-case basis.

The exporter applies to FCIA for the export credit insurance direct or through a local insurance agent, broker, or FCIA-member company. Under the Eximbank guarantee program, the commercial bank applies direct to Eximbank. Additional information on the insurance program can be obtained from FCIA. Additional information on the guarantee program can be secured from the Eximbank.

CREDIT INFORMATION AND COLLECTIONS

Credit information is supplied by several sources.

The eight principal commercial banks in Mexico City have branches and affiliates throughout the country and provide credit information through banks or other recognized credit institutions in other countries. In most cases, these banks supply the information on the basis of free reciprocal exchange of data. The largest of these institutions has 43 branches in Mexico City and 135 branches and 19 affiliates in the rest of the country.

The Government's National Bank of Foreign Trade, with two branches and two affiliates, offers credit information to nonclients on a cost basis.

United States firms should request credit information through their commercial banks.

The National Chamber of Commerce of the City of Mexico supplies credit reports on firms throughout the country. The service is free to members of the chamber. Reports are supplied at a nominal cost to nonmembers.

Mexico City has adequate credit reporting agencies. Some of these agencies limit their services to the metropolitan area while others cover most of the country through branches in the principal cities. Dun & Bradstreet, Inc., has an office in Mexico City with branches in the most important cities as well as correspondents in others. The Retail Credit Company specializes in reports on individuals, particularly on behalf of insurance companies, and prepares reports on firms on request. A list of sources of credit information, with addresses and a short description of services, is available from the U.S. Embassy, Mexico City, Mexico, and the U.S. Department of Commerce, Washington, D.C.

Several credit reporting agencies, including Dun & Bradstreet, Inc., also offer collection services, either directly or through affiliated firms. Rates depend on the amount of money to be collected and the effort expended in collection. Law firms in Mexico City normally do not undertake collections of other than large sums of money.

MARKET RESEARCH

Market information is not so readily available in Mexico as in the United States. But each year sees more and more information on hand as various private and Government organizations expand their various private and Government organizations expand their activities. In most cases, foreign firms desiring to obtain accurate information regarding the production and/or sale of a specific line of products must develop new data either through their own surveys or through a market research firm.

There are a number of such firms in Mexico, including several affiliates and subsidiaries of U.S. research companies. They make market analyses, opinion polls, and specialized product and industry surveys. A list of advertising agencies and market research firms is available from the U.S. Department of Commerce and its Field Offices.

ADVERTISING

The advertising industry has grown consistently over the years, and the number of well-known firms now totals over 35. In addition to Mexican agencies, the affiliates and subsidiaries of United States and European advertising firms also carry on business in Mexico. These agencies plan and carry out promotional campaigns throughout the Republic, and some of them provide market research services. Their methods are similar to those used in the United States. The U.S. Department of Commerce and its Field Offices can furnish a list of advertising agencies in Mexico.

Radio, television, and newspaper advertising account for 71 percent of the total billings and are the most effective means of reaching the public. Of total billings, radio receives 25 percent, television, 24 percent, and newspapers, 22 percent. Magazines take another 11 percent and the movies, 7 percent. The remaining 11 percent goes to billboards, direct mail campaigns, and bus and trolley cars.

Advertising in Mexico follows much the same pattern as in the United States. It plays an important part in introducing and marketing a product. Many tunes, magazine and newspaper layouts, and television film ads are equally familiar to both American and Mexican consumers.

There are 439 commercial radio stations, 30 of which broadcast in the Federal District. With 9 million radios in the country, most of Mexico's 40 million persons can be reached through this medium. Radio reaches areas of the country not well covered by the press. The cost for a 40-second or 100-word ad on a Mexico City radio station averages $4.

Television continues to play an ever larger and more important role in Mexico. There are 30 commercial television stations. Of the 1.1 million TV sets in use, 75 percent are found in and around the Federal District and are able to receive programs from the three broadcasting stations in Mexico City. Other concentrations of TV sets are found in Tijuana, Mexicali, Ciudad Juarez, Nuevo Laredo, Monterrey, Guadalajara, Torreon, Chihuahua, Tampico, Hermosillo, Veracruz, and Merida. Each of those places has a local television station. A 20-second ad on TV during prime receiving hours (8 p.m. to 11:15 p.m.) costs $183 on the most expensive of

U.S. EMBASSY, MEXICO CITY, MEXICO: Americans call at the embassy while doing business in Mexico.

Mexico City's three stations. Rates vary according to the station, the number of insertions, and the number of weeks a contract is in force. The same variables apply to the cost for the sponsorship of programs. Charges for domestically produced shows run slightly less than those for foreign-made programs. Direct hookups with the United States are becoming more frequent; the 1964 and 1965 world's series were broadcast live over Mexican television as were the opening ceremonies of the 1964 Olympic Games in Tokyo. These programs were sponsored by several business firms, including well known American firms operating in Mexico.

Mexico has about 100 daily newspapers of which 22 are published in Mexico City. Daily circulation of the City's papers is estimated at 1.6 million. There is an English language newspaper in Mexico City. Layouts and style of newspaper ads are similar to those of American newspapers. A full page ad in one of Mexico City's leading Spanish language dailies cost an average of $736.

The motion picture theater is another effective advertising medium. Movies are extremely popular; admission prices are regulated by the Government and are kept low. Consequently, the urban population attends the movies frequently. Movie advertising is more common in Mexico than in the United States.

Several locally published weekly, bimonthly, and monthly magazines circulate over 10,000 copies per edition and contain advertising. Moreover, there are Spanish language editions of U.S. publications which are popular and serve to reach consumers. Included in this group are Life en Espanol and Selecciones del Readers Digest.

Trade journals and other association publications carry advertising and are useful in reaching selected population groups.

Detailed information on advertising media in Mexico is compiled by Medios Publicitarios Mexicanos, S.A., Colima 330, No. 405, Mexico, D.F. This firm, which is affiliated with the Standard Rate and Data Service, Skokie, Illinois, furnishes circulation and rates for radio and television stations and for newspapers and magazines.

TRADE ASSOCIATIONS

Many trade and industry chambers and associations operate in Mexico.

Some are confined to a single industry or product and others extend across industry and product lines. In general, every firm over a specified size is required by law to belong to the chamber for its particular kind of business. Chambers vary widely in the scope and efficiency of their services to members and in the efforts made to publicize among them the trade offers received from abroad. Some of the more active, such as the garment makers and the iron and steel chambers, publish extensive directories listing the products of individual members. The National Bank of Foreign Trade has published a two-volume directory of Mexican importers and exporters by product lines and a directory of U.S. importers of various product lines.

The larger chambers issue bulletins and magazines and in some cases answer specific questions from foreign inquirers. Among these are:

American Chamber of Commerce, which includes among its members Mexican firms doing business with the United States as well as U.S. firms in Mexico.

The Camara Nacional de Comercio de la Ciudad de Mexico, the country's largest chamber of commerce.

The Camara Nacional de la Industria de Transformacion CNIT, Mexico's largest chamber of manufacturers.

The Asociacion Nacional de Importadores y Exportadores de la Republica Mexicana ANIERM.

The Asociacion Mexicana de Distribuidores de Maquinaria.

There are two national federations of chambers: the Confederacion de Camaras Nacionales de Comercio CONCANACO and the Confederacion de Camaras Industriales de los Estados Unidos Mexicanos CONCAMIN.

WAREHOUSES, FREE PORTS, FREE ZONES

Storage and warehouse facilities at ports and airline terminals are generally adequate. Most storage facilities are owned and managed by the Government agency, Almacenes Nacionales de Deposito, S.A.—ANDSA. Storage charges vary with the port or zone but are generally modest for up to 30 days.

Mexico has four free ports, each administered by the autonomous Government agency, Puertos Libres Mexicanos. These ports are placed at Coatzacoalcos (Puerto Mexico) in Veracruz State, at Topolobampo in Sinaloa State, and at Salina Cruz and Matías Romero in Oaxaca State. Matías Romero, located inland, and Topolobampo, are inactive, and Salinas Cruz is used as a free port to only a small extent. Coatzacoalcos is, however, a large and active free port. Products may be processed in free ports.

Mexico also has free zones and free perimeters, in Baja California, Sonora, and the Territory of Quintana Roo. These are free zones mainly because of their distance from domestic suppliers, and imported products are consumed rather than processed there.

Many items, largely consumer's goods, may be brought into the free zones without the payment of duty. These products are, however, subject to normal duties when sent from the zones into the rest of Mexico. As domestic transportation and supply improve, products are gradually being removed from

the free list. Import licenses are required for some imports into free zones. The Mexican National Frontier Program plans to develop the border areas and bring them more actively into the domestic economy. As this program proceeds, imports into free zones will be limited even more.

TRANSPORTATION AND COMMUNICATIONS

Approximately two-thirds of the volume of total imports is carried by truck or rail. Imports by ocean shipping account for almost all the remainder. Imports by air account for less than 1 percent of the total.

Nuevo Laredo is the most important port of entry, accounting in 1964 for 24 percent of the volume of total imports. Other major ports of entry are Veracruz, Ciudad Juarez, Piedras Negras, Tampico, Tijuana, and Mexicali (see table 24).

Among the major foreign shippers that provide service to Mexico are the Holland-America Line, Hamburg-America Line, North German Lloyd, N.Y.K. Line, Deppe Line, Flota Mercante Grancolombiana, American President Lines, Lineas Maritimas Argentinas, and Ozean Stinnes Lines. The major domestic lines carrying high-seas traffic are Servicios Maritimos Mexicanos and Transportacion Maritima Mexicana. These lines also engage in coastwise trade.

Five U.S. airlines—American, Western, Braniff, Pan American, and Eastern—provide service between Mexico and the United States. Two Mexican airlines—Mexicana de Aviacion and Aeronaves de Mexico—serve U.S. cities and carry the bulk of the domestic traffic. Mexico is also served by Sabena, KLM, Air France, Avianca, LACSA, Varig, Canadian Pacific, Iberia, Cubana de Aviacion, Aerolineas Peruanas, TACA, Aviateca, and Qantas.

Mexico has a well-developed rail and road network. The railway, which is largely owned by the Federal Government, has 14,500 miles of track. The rail system provides relatively quick and inexpensive service within the country and, through connecting services at various border points, with the United States.

The all-weather road network has approximately 32,713 miles, of which approximately 19,200 are paved. Highway construction has proceeded at an accelerated pace to meet tourist needs and increased domestic traffic. (Motor vehicle registrations are shown in table 25.) Trucking lines provide efficient service throughout the country and to and from the United States and Central America borders. Foreign trucking companies are not allowed to operate in Mexico.

Telephone service is largely in the hands of the private firm Telefonos de Mexico, S.A., which provides 95 percent of the total service. The remaining 5 percent is distributed among seven small local private companies. Plans have been announced to install a minimum of 100,000 telephones each year through 1968. The system is overloaded and in many cities there are long lists of applicants for telephones. Long-distance service between Mexico and the United States is relatively rapid and convenient, and delays are not usually experienced except perhaps during peak hours. Table 26 shows the number of telephones in use.

The Ministry of Communications and Transport provides domestic and international telegraph services. Both services are rapid and efficient. The same Government agency administers the postal system. Airmail between Mexico City and, for example, Washington, D.C., normally takes 2 or 3 days for delivery. The airmail rate to the United States is 6.4 cents for each 0.353 ounces while the regular mail rate is 3.2 cents for each 0.705 ounce.

EXHIBITIONS AND FAIRS

Mexico City has had several large national expositions from various countries, including the United States, U.S.S.R., Spain, France, and Japan. In turn, Mexico has participated officially in numerous international fairs in recent years in cities such as New York, Seattle, Chicago, Phoenix, Los Angeles, Frankfurt, Vienna, Montreal, Bogota, Seville, Paris, London, Milan, Tokyo, Zagreb, Utrecht, and Lima.

Most of the States of Mexico hold annual fairs which, for all intents and purposes, are local events. Mexico's largest domestic fair is the annual Home Fair, an exhibition of consumer goods made in Mexico, which is normally held in February-March at the National Auditorium in Mexico City. Mexico has yet to hold an international fair.

OTHER TRADE PRACTICES

Terms of sale vary with the customer and the product. High interest rates on bank credit make buyers desirous of obtaining the most advantageous terms possible on purchases. Credit terms are often as important a factor in selling as quality and delivery.

Sight and time drafts are a common method of payment for imports. They are cleared through banks or sent direct to the Mexican sales representative for presentation to the buyer. Trade sources report that more drafts are presented outside banking channels than through them. Banking sources report that 75 percent of the drafts cleared through them are paid promptly. Some U.S. exporters use dated drafts rather than sight drafts to prevent delays in acceptance and payment.

Letters of credit are not used widely for purchases of general merchandise. They are used mostly for purchases of machinery made to order or of items in which the seller has a strong competitive position.

Open account terms are fairly common when the buyer and the seller have had a long-established relationship. Good repeat customers, for example, often buy on open account. Distributors who maintain a regular stock of the exporter's line also buy on open account. It is also usual in the case of shipments from U.S. parent companies to their Mexican subsidiaries.

Legal procedures in suits for collection of drafts are likely to be quite slow. Legal action can be taken much more expeditiously in Mexico if the debt is covered by signed notes or bills of exchange. Competition in many lines makes it impossible to require this type of document, however, and its use is largely restricted to substantial sales to buyers who are not regular customers or who lack credit standing and cannot offer sufficient guarantees to obtain delivery in any other way. The notes must be in Spanish, and interest to be accumulated must be included in the face of the note; otherwise, it is almost impossible to collect the interest in case the seller is obliged to sue.

Prospective exporters ot Mexico should discuss with their bankers the methods. of payment appropriate for their products.

Mexican customs brokers are licensed and bonded with the Mexican Government. Many of these with offices on the United States-Mexican border are also organized to do business in the United States. Land shipments offer an advantage in that the shipments can be withheld from presentation until the broker is satisfied that all documentation conforms to the requirements of Mexican Customs low and any doubts regarding tariff classification or import control can be cleared up with the Customs office. Air, sea, and parcel post shipments enter Customs domain immediately, and their return to the sender is very difficult if the consignee is unwilling to accept delivery because of unexpectedly high duties or is unable to obtain an import permit. Mexican customs brokers sometimes collect from buyers for merchandise consigned to them, but not usually.

Business offices in Mexico City are usually open from 9 a.m. to 6 p.m. Some close for lunch but it is increasingly common to stagger lunch hours in order to stay open throughout the day. Some firms have adopted the custom of remaining closed all day Saturday, although this is more common among Mexican affiliates of U.S. companies than among wholly Mexican-owned companies. Retail establishments customarily open at 10 a.m. and close at 7 p.m., without closing for lunch. Banks open at 9 a.m. and close to the public at 1 p.m. Government offices customarily open at 8:30 a.m. and close to the public at 2:30 p.m. for the rest of the day.

The following holidays are observed:
January 1—New Years' Day
February 5—Anniversary of the Mexican Constitution
March 21—Benito Juarez' Birthday
Easter Week. A few firms close as early as Monday or Tuesday and remain closed until Monday after Easter. As the week progresses, more and more close. Businessmen should not come to Mexico expecting to get anything done during Easter Week.
May 1—Mexican Labor Day
May 5—Anniversary of the Battle of Puebla
September 15 and 16—Mexican Independence
October 12—Columbus Day—(Day of the Race)
November 20—Revolution Day
December 25—Christmas

While not universally celebrated, December 12 and November 2 are religious holidays on which many firms close.

In addition, Federal Government employees are given vacations of a week to 10 days in May and September and approximately 2 weeks in December. While most offices leave a few employees on duty during these periods, it is almost impossible to transact any business. Since there are school vacations at these times, many business people also take their vacations then and vacationers throng to resort areas.

Many firms are accustomed to carrying out business correspondence in English but this ability should not be taken for granted. Catalogs and technical literature should be provided in careful translations. In the case of visits to Mexican Government offices, U.S. businessmen who do not speak Spanish should be accompanied by an interpreter. If the visiting businessman has already established relations with a Mexican firm, the services of a bilingual employee of the latter can often be obtained. If not, there are a number of persons in Mexico City offering this service. The cost is usually $8 per hour for short escort service and $40 for an 8-hour day. The Embassy has a list of persons who engage in escort interpreting, translations, and public stenography.

The metric system is the only system of weights and measures legally recognized.

AIDS TO TRAVELERS

Visitors who enter Mexico primarily for pleasure and travel on a tourist card do sometimes conduct exploratory business conversations; however, a traveler who enters Mexico for business purposes must obtain a business visitor's card from the nearest Mexican consul. Cards can be issued by career consuls of Mexico in the United States to American citizens without prior approval from the Mexican Immigration Department in Mexico City. There are two types: a $3 single-entry card valid for 6

months, counted from the date of entry into Mexico, and a $5 card valid for the same period of time but permitting the holder to leave and reenter Mexico an unlimited number of times during its validity.

There are two regulations governing baggage allowance, one for travelers by airplane and the other for travelers by other means of transportation. Questions are rarely raised regarding clothing, toilet articles, and other usual personal items in reasonable quantity. Other articles may be taxed in the discretion of the customs inspectors. Duties vary according to type of article but generally are very high. Only the regulation governing plane travelers' baggage makes specific allowance for gifts and limits these to six in number, with an aggregate value not exceeding $30.

Samples of merchandise without commercial value are admitted free of duty into Mexico. Samples considered usable or salable (a decision within the province of customs officials) are subject to import duties. However, with the prior approval of the Director General of Customs, such samples may be rendered unusable (at the expense of the interested party) prior to clearance and thereby qualify for duty-free entry.

Samples of commercial value except jewelry may be imported temporarily duty free if a bond is posted amounting to the applicable duties plus 10 percent. Such arrangement can be made upon request of the consignee, customs broker, or the traveler to the chief of the customhouse concerned. Samples may be brought in for periods of 3 or 6 months, extendable for an equal period of time. Normally, the reexport of samples must occur within 1 year, including the time of the original permit and any extension.

Shipments of samples should be covered by commercial invoices and other shipping documents as appropriate.

While tourists may bring in their cars under temporary import permit, a business visitor must post a bond for his automobile with the customs office at the port of entry. This bond insures the payment of duties and fines in the event his car should be left in the country illegally. Since import duties on automobiles are very high, usually equivalent to at least the value of the car when new in the United States, this bond may be rather expensive.

Motorists should arrange for full automobile insurance coverage, including property damage and public liability, with a reliable Mexican company that has complete adjusting facilities in Mexico. United States automobile insurance is not valid in Mexico, and the consequences of an accident may be quite serious if the car is not insured. Several Mexican insurance companies have agents at border entry points, and coverage can be purchased from those agents by the day, week, month, or year. Their rates are established by the Mexican Insurance Commission and are standard.

For businessmen who wish to use a car without the additional time and expense involved in driving a vehicle to Mexico, there are several car rental agencies. A principal agency offers cars at $9 to $11 per day, plus 5½ cents to 7¼ cents per kilometer (⅝ mile), depending upon the make. Hourly and weekly rates are also available. A U.S. driver's license is valid for visitors to Mexico.

Taxis are reasonable and have different rates, according to the type. Cabs may be ordered from taxi stands established throughout the city. Rates are 12¢ to start, and ⅖¢ for each 100 feet or fraction thereof. An additional 4¢ is added to the meter reading upon arrival at the destination. Some of these cabs are radio equipped.

Cruising cabs pick up passengers wherever they find them. Rates are the same as for cabs from taxi stands but the cabs are not authorized to charge the extra 4¢ on arrival. These cabs may, however, refuse to take a passenger to a distant area of the city where they cannot reasonably expect to pick up a return fare easily, unless extra payment is agreed upon in advance.

Taxis operated by or attached to hotels are more expensive than cruising or taxi-stand cabs. Higher rates are also authorized for all cabs between the hours of 10 p.m. and 6 a.m. Tipping is not mandatory but not unusual.

Fixed-route taxis (peseros) operate on several of the principal avenues of the city, especially during business hours, and load up to five passengers. The rate is 8¢ (one peso) per passenger for short distances, 2 pesos for long ones. Passengers may get on or off at any point along the route.

Mexican climate is more a matter of altitude than of latitude. On both coasts high temperatures prevail during the summer months and warm, pleasant weather during the winter. The Monterrey area is subject to pronounced variation between the heat of summer and cool-to-cold weather in winter. Mexico City at an altitude of 7,350 feet has a pleasantly mild climate most of the year, although winter days and the nights year round are often cool enough to require heavy clothing or light wraps. For the greater part of the country there is a dry season extending from about the middle of October through May and during the remainder of the year a rainy season when heavy showers of short duration occur generally during the late afternoon. Formality in dress is observed, and suits should be worn in making business calls. Except in the coastal resort towns, better restaurants refuse to serve patrons in shirtsleeves, and loud

sport shirts on the street of Mexico City identify the wearer as a tourist. Business cards are essential in making calls.

Tipping in restaurants and bars follows the U.S. practice of between 10 and 15 percent of the bill. Tips for smaller services range from 1 peso (8¢) for the attendant who watches a car left in the street or who drives it out of a parking lot for the owner, to 5 pesos (40c) for carrying suitcases.

The peak tourist seasons are November through January and June through August. However, with Mexico City's growing popularity as a location for conventions, hotel accommodations should not be taken for granted. The Mexican Government Tourism Department has lists of hotels and provides general tourist information. The head office is located at Paseo de la Reforma No. 35, Mexico, D.F. There are branches in New York, Chicago, Houston, Los Angeles, Miami, New Orleans, San Antonio, Tucson, and Washington, D.C. Prices per day of a hotel room range from $5 for modest but quite satisfactory accommodations up to luxury space at $40. There are also a few good motels operated on American lines. Except in the resort areas where rates commonly include meals, hotels in Mexico usually operate on the European plan.

Dollars are exchanged for pesos at commercial banks at 12.49 pesos to $1. Many hotels and businesses do exchange dollars but at less advantageous rates. A bank at the international airport is open day and night. Personal checks are extremely difficult to cash, and the use of travelers checks is strongly recommended.

Mexico City and the metropolitan area have 110-volt, 50-cycle, single phase, alternating current. The rest of the country is on 60-cycle current.

Certain operations of businessmen visiting Mexico are subject to taxes. The Stamp Tax Law imposes taxes on some documents, including contracts of purchase and sale; authorizations or permits issued by the Federal Government or its dependencies for the establishment of all kinds of commercial or industrial enterprises; authentications; and powers of attorney. Further information on Mexican tax laws is available in the U.S. Department of Commerce publication, Establishing a Business in Mexico, Overseas Business Report 65-71, October 1965.

PROFESSIONAL SERVICES

The practice of professions by aliens in Mexico is severely restricted. Under the Law of the Professions, professionals are required to be Mexicans by birth or naturalization or to be permanent residents of Mexico (inmigrado); to have a degree legally granted or revalidated by a Mexican institution and registered in Mexico; and to obtain a license to practice from the Directorate General of Professions in the Ministry of Public Education. The law applies to engineers, architects, doctors, lawyers, and teachers. Aliens must have the proper documentation from the Government before entering Mexico to work.

Special provisions in the law allow for temporary exceptions. For example, a foreign engineer may enter with a temporary permit as a technician, as distinct from an engineer, provided he does not compete directly with Mexicans. To obtain such permission, an individual or legal entity in Mexico must request the permit while establishing that a specific job is available and proving that the particular alien's skills are needed but cannot be supplied by a Mexican.

An alien may also be permitted to enter Mexico for 6 months to carry on scientific, technical, artistic, athletic, or similar activities. The 6-month period can be extended twice, making possible a total period of 18 months.

United States contracting, engineering, and construction firms wishing to work in Mexico particularly, on Government contracts must be represented by an agent registered with the Ministry of National Patrimony in Mexico. Only on bids financed by international lending agencies, such as the Inter-American Development Bank, are public bids invited generally. In most other cases, the Government agency concerned solicits bids only from those firms registered with the Government. Although foreign firms are sometimes called on for consultation in the planning of various projects, such as apartment and office buildings, only those companies that are incorporated in Mexico are able to carry out the actual construction. Even when foreign firms win a bid on a Government project, the actual construction work is generally subcontracted to local companies. Import restrictions on most types of equipment usually require contractors to purchase materials and equipment made in Mexico.

Methods which foreign firms have undertaken to become represented in Mexico are the establishment of a Mexican subsidiary, a working agreement negotiated with an established Mexican firm, and the appointment of an individual to represent the foreign firm. Information on Mexican laws governing the practice of a profession in the country and on the operations of foreign engineering and contracting companies in Mexico is available from the U.S. Department of Commerce and its Field Offices.

NATAL

CHAPTER V

Import Regulations

Mexican import controls are varied. The most important control is the import licensing system. Still others are specific and ad valorem duties, official valuations for duty assessment purposes, consular certification of invoices, and sanitary certificates. The usual documents for imports include the commercial invoice, bill of lading, packing list, sanitary certificates, import licenses, if required, and Spanish translations of the invoice. Special customs regulations apply to clearance, storage, abandonment, transit, advance rulings and fines for infractions.[1] Importation into Mexico should be handled by individuals, usually, customs brokers, who are expert in all these regulations and procedures.

The Ministry of Finance, in conjunction with other Government agencies, authorizes a certain level of imports each year. The Directorate General of Commerce of the Ministry of Industry and Commerce has responsibility for controlling imports through the licensing procedure. Licenses are considered by the Mexican Government a more effective control device than tariffs. For example, licenses control imports of luxury items even though demand is strong in spite of high duties. Those products competing with a domestic industry are kept out through the denial of import permits.

Applications for licenses for controlled items are made to the Ministry of Industry and Commerce. They are referred by the Ministry to import committees and advisory groups for recommendations as to whether or not the license requested should be granted. Each committee may have quotas for total imports, depending upon foreign exchange availabilities and the need for the products. The committees have operated since November 28, 1956.

The committees and groups are composed of Government officials, representatives of domestic producers of the types of items being considered, and advisers from industrial, import, and trade associations. The recommendations of the committees are nearly always followed although the Directorate General of Commerce in the Ministry of Industry and Commerce makes the final decision. The presence of domestic producers on the committees assures that their recommendations will be protective. In general, the committees turn down applications when the products are not essential or when the product or a substitute is made domestically. Licenses are sometimes granted contingent upon terms which assure that domestic output is fully utilized. For example, by requiring that applications for import licenses for a foreign item such as wood pulp must be accompanied by proof that the importer has purchased specified quantities of domestic pulp for each unit of pulp to be imported. Import licenses are usually valid for 90 days, and a new application must be made if the importation is not made during that period.

Some products are subject to the controls of other agencies even though the Directorate General of Commerce may issue the actual permit. For example, hides and skins and most agricultural and forestry commodities are controlled by the Ministry of Agriculture.

[1] Information on Mexican customs regulations and tariffs and trade controls is available from the American Republics Division, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230.

Other products, such as powdered milk, require the authorization of an intersecretarial committee. Drugs and cosmetics as well as packaged food products and beverages must be registered with the Ministry of Health. Imports for Government agencies must be authorized by the Import Committee for the Public Sector of the National Foreign Trade Bank. Permits for arms imports are issued by the Department of Military Industry. Motion picture imports are controlled by the Ministry of Government (Interior).

Customs brokers know the items that require import permits from the Ministry of Industry and Commerce and those that are subject to other controls.

Exporters to Mexico should be careful to comply with the import regulations and should not enter goods into Mexican fiscal domain until the required permits are obtained. In many cases, authorization of the licensing agency may be required for the return of goods that have entered Mexican customs domain without a valid license.

The Mexican tariff adopted the Brussels nomenclature on November 26, 1964. Imports of very few items are prohibited completely, and few items are on the free list except for those items on which special LAFTA tariff concessions have been negotiated. Tariffs are both specific and ad valorem. In general, they are very high on consumer goods and on items competing with domestic products. They are usually moderate on capital and producer's goods that are considered necessary for development.

Specific duties are usually levied per unit of measure or weight although in some cases the rate is quoted per unit. Each tariff classification indicates whether weight is net, gross, or legal. Ad valorem duties are levied on the invoice value or on the officially-fixed price of the merchandise, whichever is higher. A surtax of 3 percent of the total amount of duties is levied on most commercial shipments (10 percent for mail shipments) and an additional 10 percent of the value of the merchandise on certain products for the benefit of the export promotion fund.

Commercial invoices on land and sea shipments that are valued at over $80 must be legalized by a Mexican Consular Office, usually the office nearest the point of origin of the merchandise.

Sanitary certificates are required for animals and products, seeds, plants and products, and similar items. Pharmaceuticals and packaged food products must be registered with the Ministry of Health and renewed annually.

Customs regulations require a commercial invoice, bill of lading for maritime or land shipments (air waybill for air shipments), and packing list. The number of copies varies according to the circumstances. The Customs Code requires an original and three copies of the invoice for land or sea shipments.

MADERO AVENUE: A stone figure in a cornice looks beyond Madero Avenue, Mexico City, with the Latin American tower in the background.

One of the three copies remains with the Mexican Consular Office that legalized it. Since parcel post and air shipments do not require legalization of the invoice, one less copy is needed. However, customs brokers need various copies for handling and filing and normally recommend preparation of an original and eight copies. Invoices are usually accompanied by packing lists.

In the case of parcel post shipments, the invoice must accompany a single package. If there is more than one package, the first numbered package must be accompanied by the invoice. The other packages in the shipment may carry references on the tags to the date and identifying shipping number of the first package.

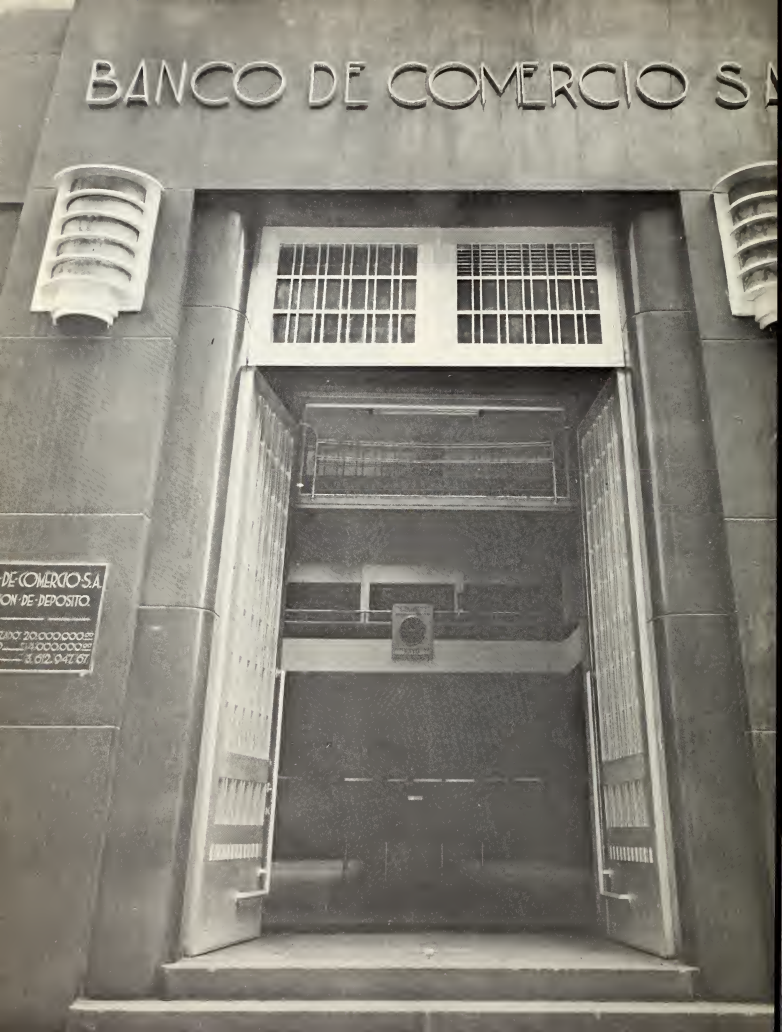
Goods entering Mexico are deposited in a customs warehouse. Their clearance through customs involves both the presentation of the required documents and permits and the payment of duties. Storage charges begin after 15 days, and goods are considered legally abandoned if not entered within 90 days after being unloaded. If not legally entered into Mexico, goods may be reexported without the payment of duties. Products requiring import licenses normally require an export license for reexportation. Merchandise should be returned to the country of origin; but, transit shipments may be authorized by customs officials under prescribed conditions, including declaration of the destination at the time of arrival in Mexico.

The Customs Service will give advance rulings of tariff classifications upon request. Samples and descriptive material are usually required for making such rulings.

Fines are prescribed for violations of regulations, including omissions or inadequacies of documentation. The fines are equal to the amount of the respective specific import duties and, depending upon duty rates, can be quite heavy. Duties paid or deposits made are normally not returned or refunded. Therefore, U.S. exporters should insist on detailed shipping instructions and follow them exactly.

AN OFFICE AWAY FROM THE OFFICE: American consulate, Mazatlan, Sinaloa State, where American businessmen may get data useful in completing their tasks in Mexico.

In order to avoid difficulties, exporters to Mexico should employ the services of customs brokers skilled in the regulations and who are able to make necessary adjustments by negotiations with Mexican officials.


BANCO DE COMERCIO S.A
DE COMERCIO S.A
ON DE DEPOSITO

Tables

Table 1.—Imports, Exports, and Trade Balance, 1955-65

[Millions of dollars]

Year	Imports (c.i.f.)[1]	Exports (f.o.b.)[2]	Trade balance (+ or —)
1955	894	759	—135
1956	1,072	854	—218
1957	1,155	698	—457
1958	1,129	708	—421
1959	1,067	721	—346
1960	1,186	740	—446
1961	1,139	804	—335
1962	1,143	899	—244
1963	1,240	936	—304
1964	1,493	1,022	—471
1965	1,561	1,111	—450

Note: Data were converted from pesos to dollars at the rate of one peso equals U.S. $0.08.

[1] Including imports into free zones and perimeters.

[2] Merchandise exports only, excluding gold and silver.

Source: Secretaría de Industria y Comercio, Direccion General de Estadística, *Anuario Estadístico del Comercio Exterior de los Estados Unidos Mexicanos*, 1955-64, Mexico D.F., 1956-65 and Nacional Financiera, S.A., *El Mercado de Valores*, No. 7, February 14, 1966.

Table 2.—Imports from Principal Countries, 1939, 1950 and 1958-64

[Millions of dollars]

Country	1939	1950	1958	1959	1960	1961	1962	1963	1964
United States	90.8	429.7	869.0	733.9	856.5	798.1	782.6	850.3	1,023.3
West Germany	16.3	7.2	56.8	66.8	73.1	79.9	92.8	82.2	96.5
Canada	1.4	11.5	24.1	25.7	32.8	33.5	36.5	42.5	60.9
United Kingdom	3.4	11.7	36.5	38.5	57.8	51.9	43.3	43.6	50.0
France	4.8	6.0	24.1	17.6	23.2	23.1	32.4	33.2	37.9
Italy	2.9	4.0	21.4	19.7	24.4	26.4	25.7	29.4	32.8
Japan	1.5	1.1	8.0	12.3	17.1	19.7	19.7	25.8	28.1
Switzerland	1.6	5.3	12.3	14.7	18.5	22.9	21.7	27.3	27.3
Sweden	2.5	7.2	11.7	13.5	15.1	17.0	15.5	16.0	16.0
Netherlands	1.1	1.8	11.5	11.0	10.3	11.7	14.3	13.3	15.5
Other countries	8.5	23.5	53.2	52.9	57.6	54.4	58.5	76.1	104.6
Total	134.8	509.0	1,128.6	1,066.6	1,186.4	1,138.6	1,143.0	1,239.7	1,492.9

Source: Secretaría de la Economía Nacional, Direccion General de Estadística, *Anuario Estadístico del Comercio Exterior de los Estados Unidos Mexicanos*, 1939 and 1950, Mexico, D.F., 1941 and 1951 and Secretaría de Industria y Comercio, Direccion General de Estadística, *Anuario Estadístico del Comercio Exterior de los Estados Unidos Mexicanos*, 1960-64, Mexico, D.F., 1961-65.

Table 3.—Exports to Principal Countries, 1958-64

[Millions of dollars]

Country of destination	1958	1959	1960	1961	1962	1963	1964
United States	439.4	439.8	455.3	502.0	553.4	597.5	609.5
Japan	21.3	51.8	44.4	53.1	68.4	68.5	76.8
West Germany	14.8	17.9	18.1	13.2	18.0	18.9	17.5
Italy	2.2	2.2	6.1	4.7	10.5	14.6	4.0
Switzerland	4.1	4.3	2.6	2.3	6.2	10.4	34.3
Brazil	1.0	.3	1.2	1.8	7.6	10.2	5.6
France	5.8	4.2	6.0	6.0	10.6	9.8	12.2
United Kingdom	11.9	13.9	12.1	11.4	7.8	9.5	9.2
Panama, Republic of	4.6	5.5	6.6	7.6	6.6	8.5	5.0
Canada	9.1	9.6	6.8	5.8	7.8	8.3	9.2
Other	51.6	53.2	72.5	78.5	76.5	78.4	121.1
Total[1]	565.9	602.7	631.7	686.4	773.4	834.6	904.4
Revaluation	141.8	117.9	108.1	117.1	126.1	101.3	118.0
Total, including revaluation	707.7	720.6	739.8	803.5	899.5	935.9	1,022.4

[1] Unadjusted total; country distribution on the adjusted basis is not available.

Source: Secretaría de Industria y Comercio, Direccion General de Estadística, *Anuario Estadístico del Comercio Exterior de los Estados Unidos Mexicanos*, 1958-64, Mexico, D.F., 1959-65.

Table 4.—Imports by Public and Private Sectors, 1960-65

[Millions of dollars]

Item	1960	Percent	1961	Percent	1962	Percent	1963	Percent	1964	Percent	1965	Percent
Total Imports	1,186	100.0	1,139	100.0	1,143	100.0	1,240	100.0	1,493	100.0	1,561	100.0
Private sector	990	83.5	925	81.2	926	81.0	997	80.4	1,213	81.2	1,294	82.9
Public sector	196	16.5	214	18.8	217	19.0	243	19.6	280	18.8	267	17.1

Source: National Foreign Trade Bank, Ministry of Industry and Commerce, Statistical Office, Mexico, D. F., 1964; Secretaria de Industria y Comercio, Direccion General de Estadistica, *Revista de Estadistica*, February 1965, Mexico, D.F. 1965; and Nacional Financiera, S.A. *El Mercado de Valores*, No. 7, February 14, 1966.

Table 5.—Population by States and Territories, 1950, 1960, and Estimated 1964 as well as Percent Urban in 1960.

State or Territory	1950	1960	1964	Percent urban 1960
Aguascalientes	188,075	243,363	273,270	50.7
B. California, N.	226,965	520,165	845,715	77.7
B. California, S.[1]	60,864	81,594	93,305	36.3
Campeche	122,098	168,219	195,132	63.2
Coahuila	720,619	907,734	1,005,874	66.7
Colima	112,321	164,450	197,163	61.8
Chiapas	907,026	1,210,870	1,381,463	24.4
Chihuahua	846,414	1,226,793	1,462,413	57.2
Distrito Federal[2]	3,050,442	4,870,876	6,073,149	95.8
Durango	629,874	760,836	826,141	35.5
Guanajuato	1,328,712	1,735,490	1,957,865	46.4
Guerrero	919,386	1,186,716	1,330,997	25.7
Hidalgo	850,394	994,598	1,063,975	22.4
Jalisco	1,746,777	2,443,261	2,857,171	58.5
Mexico	1,392,623	1,897,851	2,188,790	38.6
Michoacan	1,422,717	1,851,876	2,085,923	40.6
Morelos	272,842	386,264	454,662	53.2
Nayarit	290,124	389,929	446,416	42.6
Nuevo Leon	740,191	1,078,848	1,290,490	70.4
Oaxaca	1,421,313	1,727,266	1,880,670	24.4
Puebla	1,625,880	1,978,837	2,148,298	39.2
Queretaro	286,230	355,045	390,376	28.1
Quintana Roo[1]	26,967	50,169	69,785	31.4
San Luis Potosi	856,066	1,048,297	1,145,876	33.6
Sinaloa	635,681	838,409	950,613	38.2
Sonora	510,607	783,378	967,527	57.6
Tabasco	362,716	496,340	573,533	26.6
Tamaulipas	718,167	1,024,182	1,210,175	59.8
Tlaxcala	284,551	346,699	377,934	43.9
Veracruz	2,040,231	2,727,899	3,144,629	39.6
Yucatan	516,899	614,049	661,544	59.8
Zacatecas	665,524	817,831	895,357	27.2
Total	25,779,246	34,923,134	40,446,231	

[1] Territory.

[2] Federal District where Mexico City is located.

Source: Ministry of Commerce and Industry, Statistical Office, Mexico, D. F.

Table 7.—Populated Places of Ranked Size by Number of Places, Total Population, and Percent of Total Population, 1960

Size of place	Number	Total population	Percent of total population
500,000 and over	3	6,215,215	17.8
250,000 to 500,000	2	549,635	1.6
150,000 to 250,000	6	1,074,070	3.1
100,000 to 150,000	5	642,346	1.8
50,000 to 100,000	22	1,611,388	4.6
25,000 to 50,000	37	1,310,006	3.8
10,000 to 25,000	126	1,914,621	5.5
5,000 to 10,000	218	1,495,108	4.3
Total	419	14,812,389	42.5

Source: Ministry of Commerce and Industry, Statistical Office, Mexico, D. F.

Table 6.—Population of 38 Cities with 50,000 or More Inhabitants, 1960 and 1965 Estimated

City and State	Population 1960	1965
Mexico, Distrito Federal	4,870,876	6,016,000
Guadalajara, Jalisco	734,346	1,010,000
Monterrey, Nuevo Leon	609,993	806,000
Puebla, Puebla	287,952	346,000
Cd. Juarez, Chihuahua	261,683	379,000
Leon, Guanajuato	209,469	271,000
Mexicali, Baja California Norte	192,554	291,000
Torreon, Coahuila	179,955	217,000
Merida, Yucatan	170,513	194,000
Tijuana, Baja California Norte	161,939	254,000
San Luis Potosi, San Luis Potosi	159,640	188,000
Chihuahua, Chihuahua	149,437	206,000
Veracruz, Veracruz	144,232	183,000
Aguascalientes, Aguascalientes	126,222	151,000
Tampico, Tamaulipas	122,197	154,000
Morelia, Michoacan	100,258	129,000
Saltillo, Coahuila	99,101	119,000
Durango, Durango	97,520	124,000
Hermosillo, Sonora	96,122	142,000
Nuevo Laredo, Tamaulipas	93,787	118,000
Matamoros, Tamaulipas	93,334	127,000
Culiacan, Sinaloa	84,602	113,000
Irapuato, Guanajuato	83,505	109,000
Toluca, Mexico	76,871	106,000
Mazatlan, Sinaloa	74,934	100,000
Reynosa, Tamaulipas	74,113	107,000
Oaxaca, Oaxaca	72,313	87,000
Orizaba, Veracruz	69,672	89,000
Cd. Obregon, Sonora	68,010	100,000
Queretaro, Queretaro	67,277	81,000
Jalapa, Veracruz	66,317	83,000
Pachuca, Hidalgo	64,546	72,000
Comez Palacio, Durango	60,756	74,000
Celaya, Guanajuato	58,762	77,000
Tepic, Nayarit	53,955	77,000
Cd. Madero, Tamaulipas	53,526	70,000
Villahermosa, Tabasco	51,611	66,000
Cd. Victoria, Tamaulipas	50,727	64,000

Source: Ministry of Agriculture and Livestock Raising, Bureau of Geography-Meteorology, *Geographic Atlas of the United States of Mexico*, 1962, Mexico, D. F., 1965 data estimated by Mexican Statistical Bureau, Mexico, D. F.

THE CIGARRERA BUILDING: Cigarrera La Moderna, S.A., Monterrey, has its offices here.

Table 8.—Distribution of Personal Income, 1957

Number of families	Average monthly income (dollars)	Cumulative percent Families	Income
223,411	14.80	3.9	0.6
269,602	20.40	18.9	4.0
916,060	29.36	34.8	9.2
655,904	36.80	46.1	13.8
588,552	45.04	56.3	18.9
1,049,112	68.00	74.5	32.6
543,131	104.80	83.9	43.5
646,968	160.32	95.1	63.4
151,688	434.80	97.7	76.0
134,998	927.36	100.0	100.0
Total 5,779,426	90.24		

Source: Ifigenia M. De Navarrete, *La Distribucion del Ingreso y El Desarrollo Economico de Mexico* Instituto de Investigaciones Economicas Universidad Nacional Autonoma de Mexico, Mexico, D. F., 1960.

Table 9.—Percentage Distribution of Family Expenditures, 1960

Type of Expenditure	Percent of total
Foodstuffs	41.69
Household Expenses[1]	14.64
Apparel and Shoes	7.89
Entertainment	2.58
Servants	2.35
Taxes and Interest Payments	3.19
Vehicles, furniture, electrical appliances and other durable goods	8.86
Investments[2]	1.97
Miscellaneous[3]	16.92
Total	100.00

Source: Secretaria de Industria y Comercio, Departamento de Muestras, *Ingreso y Egreso Familiares*, 1960, Mexico, D. F., 1962.

[1] Rent and utilities.

[2] Real Estate, bonds, securities, and savings accounts.

[3] Soaps, toilet articles, cleaning, school, medical and medicines, travel, cigarettes, donations, newspapers, etc.

Table 10.—Value of Gross National Product and Percentage Increase, 1954-64

[Millions of pesos at 1950[1] prices]

Year	Amount	Increase, percent
1954	50,391	10.5
1955	54,767	8.7
1956	58,214	6.3
1957	62,708	7.7
1958	66,177	5.5
1959	68,119	2.9
1960	73,482	7.9
1961	76,038	3.5
1962	79,691	4.8
1963	84,700	6.3
1964	93,200	10.0
1965[2]	97,953	5.1

Source: Bank of Mexico, S.A., Mexico, D. F., various years.

[1] 1950 GNP: 40,577 million pesos; one peso in 1950 was equal to $0.115; since April 1954, one peso has been equal to $0.08.

[2] Preliminary data.

Table 11.—Gross Domestic Product, by Major Economic Sectors, Selected Years

[Millions of pesos at 1950[1] prices]

Sector	1950	1960	1964
Agriculture	5,999	9,178	10,904
Livestock	2,903	4,450	5,126
Forestry	263	254	280
Fishing	77	136	186
Mining	1,243	1,648	1,677
Petroleum and coke	1,129	2,346	3,076
Manufacturing	8,437	17,116	23,393
Construction	1,287	2,595	3,542
Electricity	370	898	1,398
Transportation and communication	1,988	3,638	4,101
Commerce	10,750	19,167	24,512
Government	1,294	1,985	2,610
Other activities	5,329	10,906	13,607
Total	41,060	74,317	94,412
Less: net interest and dividends paid to foreign countries	483	835	1,212
Gross National Product	40,577	73,482	93,200

Source: Bank of Mexico, Mexico, D. F.

[1] One peso in 1950 was equal to $0.115; in 1960 and 1964 one peso was equal to $0.08.

Table 12.—United States Exports to Mexico by Commodity Sections and Principal Commodity Groups, 1959-65

[Thousands of dollars]

	Commodity section and commodity group	1959	1960	1961	1962	1963	1964	1965
Exports, including reexports, total		744,226	819,604	812,976	805,161	857,946	1,076,387	1,105,220
Reexports		4,529	8,335	32,961	66,440	77,260	50,067	49,482
Domestic exports, total		739,697	811,269	780,015	738,721	780,686	1,026,320	1,055,738
0	Food and live animals	42,651	39,793	38,632	46,715	68,823	52,204	57,636
001	Live animals	5,172	4,406	4,615	5,561	5,910	5,907	8,768
011	Meat, fresh, chilled or frozen	2,388	1,014	1,284	1,202	1,389	1,896	2,529
022	Milk and cream	4,830	5,212	6,250	7,713	9,507	8,152	6,846
042	Rice	254	2,104	898	23	574	497	2,554
043	Barley, unmilled	2,149	3,294	1,966	2,188	717	3,413	7,469
044	Corn, unmilled	2,428	2,245	2,930	5,988	21,824	3,270	1,554
045	Cereals, other than wheat, rice, barley and corn, unmilled	490	564	1,548	2,975	6,890	1,716	3,175
046	Meal and flour of wheat	203	273	783	3,116	3,669	3,208	748
047	Meal and flour of cereals, other than wheat	196	359	424	677	788	1,000	527
048	Cereal preparations, n.e.s.	1,474	1,460	1,348	1,350	1,147	1,198	898
051	Fruit, fresh, and nuts (not including oil nuts)	1,822	1,816	1,978	2,189	2,775	3,316	3,213

Table 12.—United States Exports to Mexico by Commodity Sections and Principal Commodity Groups, 1959-65—continued

[Thousands of dollars]

	Commodity section and commodity group	1959	1960	1961	1962	1963	1964	1965
054	Vegetables, fresh, frozen or simply preserved	10,077	6,581	4,088	2,925	3,580	5,011	3,418
062	Sugar confectionery and other sugar preparations	661	720	701	878	1,019	1,124	1,513
081	Fodder	3,283	3,736	3,664	3,881	3,635	6,409	6,472
091	Lard, margarine and shortening	1,295	1,113	1,466	1,231	1,132	1,049	1,872
1	Beverages and tobacco	7,331	5,380	5,945	6,321	5,834	5,647	5,725
121	Tobacco, unmanufactured	6,297	3,816	4,713	5,228	4,477	4,641	3,915
121	Tobacco manufactures	973	1,508	1,163	1,014	1,172	857	1,544
2	Crude materials, inedible except fuels	44,089	47,065	42,806	40,267	50,169	75,045	83,098
211	Hides and skins (except for skins) undressed	6,236	5,512	4,410	4,075	3,712	7,733	9,228
221	Oilseeds, oil nuts and oil kernels	692	949	753	840	650	584	1,319
231	Crude rubber (including synthetic and reclaimed)	6,041	7,458	7,062	7,990	8,616	9,325	9,294
242	Wood in the rough or roughly squared	962	1,336	939	1,144	987	2,651	1,748
243	Wood shaped or simply worked	1,771	1,951	1,555	1,644	1,846	2,218	2,874
251	Pulp and waste paper	4,223	4,538	5,270	4,374	5,235	7,545	8,334
262	Wool and other animal hair	325	399	338	332	632	1,051	876
266	Synthetic and regenerated (artificial) fibers	397	875	1,238	1,321	1,940	3,069	3,249
271	Fertilizers, crude	408	635	548	1,188	1,739	2,000	1,990
276	Minerals, other than stone, sand, sulphur and abrasives, crude...	2,870	3,100	2,699	2,880	3,888	4,501	4,877
282	Iron and steel scrap	14,141	13,310	12,003	8,994	13,304	24,803	28,959
283	Ores and concentrates of non-ferrous base metals	605	639	320	210	1,945	2,801	3,284
291	Crude animal materials, n.e.s.	1,100	1,345	1,068	738	566	1,058	263
292	Crude vegetable materials, n.e.s.	2,844	3,147	3,166	3,005	3,205	3,435	4,325
3	Mineral fuels, lubricants and related materials	42,382	33,948	23,337	22,211	27,545	32,464	41,125
321	Coal, coke and briquettes	830	1,024	993	982	1,013	1,303	3,035
331	Petroleum, crude and partly refined for further refining	63	3	247	(1)	12	5	1,466
332	Petroleum products	33,351	22,432	11,384	9,227	12,803	15,700	15,381
341	Gas, natural and manufactured	8,138	10,488	10,713	12,002	13,718	15,456	21,243
4	Animal and vegetable oils and fats	1,821	1,438	7,600	1,319	754	1,265	8,288
421	Fixed vegetable oils, soft	56	158	6,474	187	72	259	6,568
5	Chemicals	107,819	116,715	110,989	117,698	113,022	135,553	148,107
512	Organic chemicals	10,371	13,260	13,312	13,991	17,164	22,023	46,033
513	Inorganic chemicals: Elements, oxides, and halogen salts	8,217	7,724	5,519	4,881	5,174	5,111	21,906
514	Other inorganic chemicals	7,422	5,688	5,202	6,033	5,890	6,556	8,065
521	Mineral tar and crude chemicals from coal, petroleum and natural gas	925	1,799	3,310	2,723	2,084	1,967	412
531	Coal tar dyes, natural indigo and color lakes	1,440	1,270	1,395	1,241	1,417	1,515	1,188
533	Pigments, paints, varnishes and related materials	1,342	1,325	1,409	1,121	1,054	1,192	1,624
541	Medicinal and pharmaceutical products	24,443	25,375	20,023	28,025	17,799	15,211	12,851
551	Essential oils, perfume and flavor materials	4,022	4,230	4,350	4,777	3,794	5,119	3,621
554	Soaps, cleansing and polishing preparations	4,604	3,862	2,163	1,883	1,899	2,310	2,295
561	Fertilizers, manufactured	11,488	12,129	12,819	8,220	8,003	14,474	9,518
571	Explosives and pyrotechnic products (including hunting and sporting ammunition)	261	308	202	230	364	346	1,683
581	Plastic materials, regenerated cellulose and artificial resins	9,333	10,523	10,665	9,830	13,183	16,404	22,384
—	Other	23,951	29,222	30,620	34,748	35,197	43,325	16,527
7	Machinery and transport equipment	347,170	389,138	396,749	360,889	363,618	543,297	515,067
711	Power generating machinery, other than electric	18,625	23,175	32,424	41,718	19,790	25,724	35,536
712	Agricultural machinery and implements	28,500	27,184	28,112	26,522	33,963	44,046	32,174
714	Office machines	4,171	5,595	6,416	4,249	5,476	6,575	8,334
715	Metalworking machinery	19,181	17,537	19,658	13,806	15,424	41,305	28,776
717	Textile and leather machinery	8,771	9,769	11,446	9,018	13,517	14,586	19,701
718	Machines for special industries	32,557	40,047	38,984	27,566	36,442	46,670	35,628
719	Machinery and appliances (other than electrical) and machine parts, n.e.s.	61,756	72,878	69,368	60,078	62,496	81,976	101,689
722	Electric power machinery and switchgear	17,408	19,839	21,473	16,946	22,552	18,320	21,949
723	Equipment for distributing electricity	1,575	2,044	1,813	2,156	1,649	2,829	2,061
724	Telecommunications apparatus	6,353	6,957	7,623	6,203	5,375	8,345	9,734
725	Domestic electrical equipment	3,309	3,776	3,676	2,922	2,902	3,925	3,764
726, 729	Other electrical machinery and apparatus	17,179	17,941	19,701	21,744	17,390	23,130	24,519
731	Railway vehicles	13,690	21,240	20,140	17,325	9,851	26,028	20,639
732	Road motor vehicles	104,258	104,596	104,605	97,783	116,073	184,419	159,094
733	Road vehicles other than motor vehicles	1,088	1,627	868	834	1,171	1,380	1,230
734	Aircraft	7,939	13,753	3,980	11,064	4,912	12,070	10,811
735	Ships and boats	810	1,086	6,263	1,379	1,124	2,418	327
6, 8	Manufactured goods	123,710	153,142	129,849	119,715	125,883	147,108	162,383
621	Materials of rubber	316	305	151	166	150	181	1,467
629	Articles of rubber, n.e.s.	4,508	5,635	5,775	5,549	5,393	5,379	3,465
631	Veneers, plywood boards, "improved or reconstituted" wood and other wood, worked, n.e.s.	195	247	267	264	328	477	1,134

Table 12.—United States Exports to Mexico by Commodity Sections and Principal Commodity Groups, 1959-65—continued

[Thousands of dollars]

	Commodity section and commodity group	1959	1960	1961	1962	1963	1964	1965
632	Wood manufactures, n.e.s.	1,773	1,698	1,746	1,765	1,978	2,968	2,276
641	Paper and paperboard	8,844	9,698	7,995	8,197	9,580	9,611	12,172
642	Articles of paper pulp, paper or paperboard	2,745	3,925	3,607	3,689	3,767	3,707	3,200
651	Textile yarn and thread	7,849	6,289	7,320	5,741	2,354	3,197	3,206
652	Cotton fabrics, woven (not including narrow or special fabrics)	519	559	596	642	753	923	1,018
653	Textile fabrics, woven, (knitted or crocheted) other than cotton fabrics	688	638	522	464	693	1,114	1,108
655	Special textile fabrics and related products	727	751	700	828	949	1,010	1,590
656	Made-up articles wholly or chiefly of textile materials, n.e.s.	1,522	1,820	1,600	1,568	1,632	2,137	943
661	Lime, cement and fabricated building materials, except glass and clay materials	778	820	761	770	1,071	1,142	1,215
662	Clay and refractory construction materials	4,019	3,741	3,260	1,190	1,069	1,127	2,648
663	Mineral manufactures, n.e.s.	4,016	5,491	4,774	4,287	3,846	3,641	2,295
664	Glass	2,521	2,868	2,723	2,707	2,753	4,071	5,616
665	Glassware	1,482	1,189	1,149	858	1,119	1,252	1,175
672	Ingots and other primary forms (including blanks for tubes and pipes) of iron or steel	416	1,519	939	325	170	751	2,787
673	Iron and steel bars, rods, angles, shapes and sections (including sheet piling)	1,828	2,598	2,354	1,478	1,810	3,100	3,311
674	Universals, plates and sheets, iron or steel	4,947	6,091	5,614	4,886	6,109	7,440	7,612
676	Rails and railway track construction material, iron or steel	185	12,721	247	207	535	308	502
677	Iron and steel wire (excluding wire rod)	382	373	449	317	404	958	1,646
678	Tubes, pipes and fittings, iron or steel	4,832	8,516	7,634	5,152	5,991	4,789	4,956
679	Iron and steel castings and forgings, unworked	1,483	2,379	1,582	668	634	1,065	1,601
683	Nickel	409	530	528	544	558	1,097	1,365
684	Aluminum	2,674	2,779	2,715	4,819	3,224	2,169	2,697
687	Tin	1,220	638	569	624	640	1,458	2,744
691	Finished structural parts and structures, n.e.s.	2,656	1,760	1,982	1,334	1,049	1,666	1,908
692	Metal containers for storage and transport	5,219	4,663	3,569	2,811	2,928	4,585	6,167
694	Nails, screws, nuts, bolts, rivets and similar articles of iron, steel or of copper	671	779	821	618	581	637	1,102
695	Hand or machine tools	6,100	8,308	6,827	5,648	4,775	6,096	7,595
—	Manufactures of metal, n.e.s.	6,389	6,869	6,435	6,000	6,472	7,188	9,304
812	Sanitary, plumbing, heating and lighting fixtures and fittings	2,114	1,921	1,753	1,735	2,185	2,259	1,673
821	Furniture	2,274	2,675	2,830	2,926	3,509	3,113	1,958
841	Clothing (except fur clothing)	3,480	4,550	4,483	5,221	5,426	6,454	7,201
851	Footwear	859	1,122	1,100	1,175	1,285	1,313	1,238
861	Scientific, medical, optical (photographic) measuring and controlling instruments and apparatus	6,940	9,568	8,923	8,540	11,347	14,953	14,944
862	Photographic and cinematographic supplies	4,888	5,988	5,087	5,747	6,771	6,714	7,953
863	Developed cinematographic film	893	802	933	1,035	849	965	1,042
891	Musical instruments, sound recorders and reproducers, parts and accessories	3,546	3,389	1,955	1,701	1,888	2,220	3,498
892	Printed matter	5,004	5,657	4,946	6,722	7,557	8,051	9,273
893	Articles of plastic materials, n.e.s.	1,110	996	1,010	944	1,045	1,176	1,824
894	Toys, games, and sporting goods	2,158	2,223	2,720	1,661	1,803	3,331	2,183
895	Office and stationery supplies, n.e.s.	1,428	1,370	1,081	1,127	1,269	1,382	1,036
—	Manufactured articles, n.e.s.	7,103	7,584	7,817	7,065	7,634	9,933	8,735
9	Miscellaneous commodities and transactions	22,734	24,650	24,108	23,586	25,038	33,737	34,309

[1] Less than $500.

Note: Data for 1965 are not strictly comparable with prior years due to classification revisions.

Source: Basic data of the U.S. Department of Commerce, Bureau of the Census.

THE GLASS PLANT'S TEN STACKS: Location in Monterrey includes the advantage of transportation by both highway and rail for the plant's materials of manufacture and finished products.

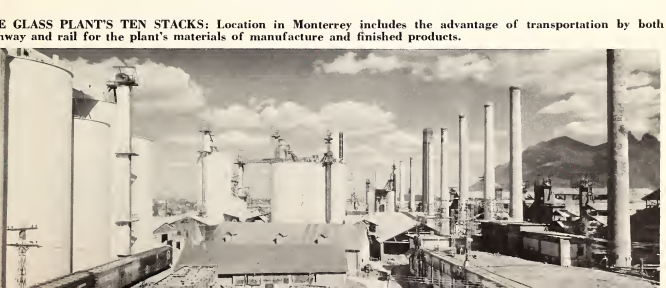


Table 13.—Exports of Principal Commodities, 1958-64

[Millions of dollars]

Commodity	1958	1959	1960	1961	1962	1963	1964
Cotton	190.2	198.9	157.9	159.9	218.3	195.6	170.1
Sugar	17.0	14.8	52.9	68.7	43.4	59.6	76.8
Coffee	79.2	62.7	71.7	71.7	70.1	49.1	95.2
Shrimp	32.0	38.9	34.1	43.7	45.9	51.7	53.5
Petroleum and products	29.4	28.7	19.9	33.3	38.3	36.9	38.5
Cattle	41.8	38.0	32.2	42.1	53.2	36.7	22.8
Sulfur	23.2	23.9	28.2	29.1	30.3	34.3	37.6
Lead	35.1	33.9	33.6	37.1	26.0	27.4	23.3
Beef, fresh, chilled and frozen	11.8	9.8	9.6	15.8	21.2	26.7	18.4
Zinc	19.9	24.9	29.5	27.2	28.1	29.8	42.7
Copper	29.9	29.8	25.8	19.0	24.4	22.5	14.6
Tomatoes	22.7	23.8	25.5	14.1	20.2	24.5	33.9
Salt	.2	.4	.6	5.4	19.6	18.0	26.6
Binder twine	16.4	19.6	17.8	19.7	21.1	25.0	24.0
Hormones	8.2	7.4	8.1	12.7	14.9	14.9	11.1
Fluorspar	7.8	7.5	9.4	11.7	13.1	13.8	16.8
Others	142.9	157.5	182.0	192.3	211.4	269.4	316.5
Total[1]	707.7	720.5	739.8	803.5	899.5	935.9	1,022.4

[1] Excluding gold and silver.

Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, *Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos*, 1958-64, Mexico, D.F., 1959-65.

Table 14.—Imports by Commodity Sections, 1961-64[1]

[Millions of dollars]

Item	1961	1962	1963	1964
Food products	41.9	51.0	84.5	68.2
Beverages and tobacco	8.5	9.9	9.7	10.6
Unmanufactured materials except mineral fuels	84.3	79.8	100.7	132.7
Mineral fuels and lubricants and electric energy	40.4	31.9	35.9	37.1
Fats and oils, except lubricants	8.7	2.6	2.3	3.5
Chemicals	173.9	185.2	205.1	226.0
Machinery, tools, electrical and transport material	602.2	605.3	622.6	818.0
Other manufactured goods	167.5	170.0	175.7	195.1
Miscellaneous commodities	11.3	7.3	3.2	7.5
Total	1,138.6	1,143.0	1,239.7	1,492.9

[1] Includes free zone imports.

Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, *Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos*, 1961-64, Mexico, D.F., 1962-65.

Table 16.—Imports of Machinery, Tools, Electrical and Transport Material, Total and From the United States by Commodity Divisions, 1964

[Millions of dollars]

Commodity division	Imports, total	Imports from United States
Machinery	87.5	46.2
Machines and apparatus	198.3	126.9
Tools	8.7	6.1
Electrical machines and material	55.5	24.6
Spare parts and replacements for machines and apparatus	116.4	79.3
Transport material	237.9	181.6
Spare parts and replacements for transport material	72.7	61.3
Total	776.9	526.0

Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, *Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos* 1964, Mexico, D.F., 1965.

Table 15.—Total Imports and Imports from the United States by Commodity Sections, 1964

[Millions of dollars]

Commodity sections	Imports, total including free zones	Interior		
		Imports, total	Imports from United States[1]	Percent of total
Food products	63.2	48.9	36.1	73.8
Beverages and tobacco	10.1	9.1	6.2	67.7
Unmanufactured materials, except mineral fuels	132.7	129.9	84.5	65.0
Mineral fuels, lubricants and electric energy	37.1	27.8	25.8	92.8
Fats and oils, except lubricants	3.5	3.4	2.0	58.0
Chemicals	226.0	212.2	137.6	64.9
Machinery, machine tools, electrical and transport material	818.0	776.9	526.0	67.7
Other manufactured goods	195.1	159.7	96.9	60.7
Arms, ammunition and miscellaneous commodities	7.5	7.4	6.1	82.1
Total	1,492.9	1,375.3	921.1	67.0

[1] Excludes Puerto Rico which totaled $971,000.

Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, *Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos*, 1964, Mexico, D.F., 1965.

Table 17.—Imports of Chemicals, Total and From the United States, by Commodity Divisions, 1964

[Millions of dollars]

Commodity division	Imports, total	Imports from United States
Chemical elements and compounds	84.1	61.1
Tanning, dyeing and coloring materials	11.8	2.8
Narcotics and medicines (subject to special legislation or to specific classification) for hygienic use	15.0	4.8
Drugs, medicines and pharmaceutical specialties in dosage form	12.1	6.7
Essential oils, perfumery, toilet preparations, soaps, and polishing or cleaning compounds	6.8	5.1
Fertilizers	17.4	11.1
Explosives	1.6	1.3
Miscellaneous materials and products	31.7	24.8
Mixtures, preparations and products of organic mineral or organo-metallic, not elsewhere specified	31.6	20.0
Total	212.1	137.6

Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, *Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos*, 1964, Mexico, D.F., 1965.

Table 18.—Imports of Other Manufactured Goods, Total and From the United States, by Commodity Divisions, 1964

[Millions of dollars]

Commodity division	Imports, total	Imports from United States
Leather, hides or skins	1.4	.1
Rubber, celluloid, casein, ebonite and other composition of synthetic resins, including plastics	4.1	3.1
Wood, cork, corozo, osier, rattan and similar products	3.1	2.0
Paper, cardboard and manufactures therof	37.0	19.3
Yarns, fabrics and articles of textile fibers and merchandise containing such goods	9.7	5.5
Nonmetallic mineral materials and manufactures	4.8	3.0
Gold, silver, platinum and precious stones, precious and non-precious jewelry and trimmings	1.4	.8
Base metals	33.6	22.8
Manufactures of base metals	7.0	4.5
Clothing	.5	.2
Clothing accessories	.1	.1
Hats, helmets, caps and articles for manufacture thereof	.1	.1
Footwear and articles for manufacture thereof	.2	.1
Household linens and furnishings, other than furniture	.1	(1)
Travel goods and cases, handbags and similar articles	(1)	(1)
Buildings, sanitary equipment and lamps for illuminating	1.3	1.1
Furniture accessories	.5	.4
Professional and scientific instruments, photographic and optical apparatus, clocks and watches	46.8	28.6
Miscellaneous	7.9	5.4
Total	159.7	96.9

[1] Less than $50,000.

Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, *Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos*, 1964, Mexico, D.F., 1965.

Table 19.—Imports of Miscellaneous Commodities, Total and From the United States, by Commodity Divisions, 1964

[Millions of dollars]

Commodity division	Imports, total	Imports from United States
Articles of animal origin	.6	.4
Articles of vegetable origin	.3	.3
Articles of mineral origin	.2	.2
Arms, ammunition and pyrotechnics	5.6	4.8
Art works and antiques	.5	.2
Articles for prizes	(1)	(1)
Collections and specimens	.1	.1
Baggage, household furniture and merchandise samples	.1	.1
Total	7.4	6.1

[1] Less than $50,000.

Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, *Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos*, 1964, Mexico, D.F., 1965.

Table 20.—Imports of Unmanufactured Materials, Except Mineral Fuels, Total and From the United States, by Commodity Divisions, 1964

[Millions of dollars]

Commodity division	Imports, total	Imports from United States
Hides and skins, untanned	9.0	8.7
Oil seeds and nuts	.5	.5
Rubber	24.9	13.7
Wood and cork	4.1	2.9
Materials for the manufacture of paper, cardboard and artificial fibers	11.2	7.4
Textile fibers	27.2	5.4
Crude minerals, except coal, petroleum fertilizers and precious stones	17.3	12.1
Metallic minerals and metal waste	30.5	29.4
Animal and vegetable products for industrial use	5.4	4.3
Total	129.9	84.5

Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, *Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos* 1964, Mexico, D.F., 1965.

Table 21.—Imports of Food Products, Total and From the United States, by Commodity Divisions, 1964

[Millions of dollars]

Commodity division	Imports, total	Imports from United States
Live animals, principally for food	6.9	4.1
Meat and meat preparations	2.1	1.5
Dairy products, eggs, and honey	7.9	7.6
Fish, crustaceans, shellfish and mollusks, live, fresh and canned	1.0	(1)
Cereals, grains, starches and flours	12.5	12.4
Fruits and vegetables	4.5	3.7
Sugar, syrups and preparations thereof	.2	.1
Cocoa, coffee, tea, spices and preparations thereof	3.1	.9
Other food preparations	10.8	5.8
Total	48.9	36.1

[1] Less than $50,000.

Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, *Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos*, 1964, Mexico, D.F., 1965.

Table 22.—Imports of Mineral Fuels and Lubricants and Electric Energy, Total and From the United States, by Commodity Divisions, 1964
[Millions of dollars]

Commodity division	Imports, total	Imports from United States
Mineral fuels and lubricants	26.7	24.7
Electric energy	1.1	1.1
Total	27.8	25.8

Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, *Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos* 1964, Mexico, D.F., 1965.

Table 24.—Imports by Customs Ports, 1964

Customs port	Metric tons	Thousands of dollars
Acapulco, Gro.	39,003	21,675
Agua Prieta, Son.	5,037	832
Campeche, Camp.	3,214	303
Ciudad Acuna, Coah.	5,466	645
Ciudad del Carmen, Camp.	62	153
Ciudad Hidalgo, Chis.	252	114
Ciudad Juarez, Chih.	389,863	32,815
Ciudad Miguel Aleman, Tamps.	46,541	2,864
Coatzacoalcos, Ver.	181,791	21,138
Comitan, Chis.	5	6
Cozumel, Q.R.	277	352
Chetumal, Q.R.	3,262	1,328
Ensenada, B.C.	157,381	5,572
Frontera, Tab.	704	340
Guadalajara, Jal.	3,068	3,450
Guaymas, Son.	153,058	4,218
La Paz, B.C., T.S.	4,150	2,233
Los Algodones, B.C.	2,619	431
Manzanillo, Col.	56,963	8,878
Matamoros, Tamps.	210,726	66,995
Mazatlan, Sin.	58,540	5,460
Mexicali, B.C.	314,124	58,878
Mexico, D.F.	193,722	283,191
Naco, Son.	11,965	4,400
Nogales, Son.	71,935	33,768
Nuevo Laredo, Tamps.	1,263,423	436,050
Ojinaga, Chih.	71,753	8,200
Palomas, Chih.	195	46
Piedras Negras, Coah.	348,713	31,499
Postal de Mexico, D.F.	1,867	5,590
Progreso, Yuc.	15,346	4,567
Puerta Penasco, Son.	769	308
Reynosa, Tamps. Son.	122,162	10,341
Salina Cruz, Oax.	1,956	293
San Jose del Cobo, B.C., T.S.	16	5
San Luis Rio Colorado, Son.	13,328	4,313
Santa Rosalia, B.C., T.S.	8,671	1,157
Sonoyta, Son.	1,142	329
Tampico, Tamps.	269,340	80,278
Tecate, B.C.	17,895	4,120
Tijuana, B.C.	255,641	46,907
Torreon, Coah.	877	1,040
Tuxpan, Ver.	87,433	2,208
Veracruz, Ver.	692,853	295,656
Total [1]	5,087,108	1,492,946

[1] Including free zones and perimeters.
Source: Mexican Ministry of Industry and Commerce, Statistical Office, Mexico, D.F.

CITY HALL: City employees in Piedras Niegras, Coahuila State, have their official station here in the city hall, the Presidencia Municipal.

Table 23.—Imports of Beverages and Tobacco, Total and From the United States, by Commodity Divisions, 1964
[Millions of dollars]

Commodity division	Imports, total	Imports from United States
Alcoholic beverages	2.9	.1
Non-alcoholic beverages	(1)	(1)
Tobacco	6.2	6.1
Total	9.1	6.2

[1] Less than $50,000.
Source: Secretaria de Industria y Comercio, Direccion General de Estadistica, *Anuario Estadistico del Comercio Exterior de los Estados Unidos Mexicanos*, 1964, Mexico, D.F., 1965.

Table 25.—Motor Vehicle Registrations, by States and Territories, January 1, 1964

State or territory	Automobiles	Buses	Trucks	Motorcycles	Total
Aguascalientes	4,606	336	3,415	374	8,731
Baja California, N.	47,976	784	26,646	3,787	79,193
Baja California, S.[1]	2,469	30	2,001	.....	4,500
Campeche	1,911	83	973	626	3,593
Coahuila	16,316	528	16,140	588	33,572
Colima	1,397	214	2,488	99	4,198
Chiapas	4,313	408	4,951	236	9,908
Chihuahua	26,892	975	25,813	1,017	54,697
Distrito Federal	246,094	6,993	46,593	13,894	313,574
Durango	5,021	319	6,314	447	12,101
Guanajuato	11,805	689	9,229	1,043	22,766
Guerrero	4,431	682	3,688	773	9,574
Hidalgo	4,808	517	6,122	260	11,707
Jalisco	33,576	2,348	19,475	5,687	61,086
Mexico	34,300	2,408	23,715	2,334	62,757
Michoacan	9,525	1,145	11,017	1,030	22,717
Morelos	6,563	261	4,451	575	11,850
Nayarit	1,936	437	4,006	163	6,542
Nuevo Leon	40,975	820	18,484	1,517	61,796
Oaxaca	3,658	418	4,600	192	8,868
Puebla	15,601	1,305	10,954	765	28,625
Queretaro	1,775	84	2,319	144	4,322
Quintana Roo[1]	461	25	303	52	841
San Luis Potosi	7,714	644	7,621	567	16,546
Sinaloa	2,565	1,334	17,577	1,015	32,491
Sonora	22,742	453	20,759	1,225	45,179
Tabasco	1,719	242	2,143	240	4,344
Tamaulipas	18,371	648	20,136	678	39,833
Tlaxcala	1,991	191	2,071	78	4,231
Veracrus	16,173	1,458	20,395	1,187	39,213
Yucatan	7,694	408	3,729	2,530	14,361
Zacatecas	2,582	386	4,553	165	7,686
Total	617,960	27,573	352,681	43,288	1,041,502

[1] Territory.
Source: Ministry of Industry and Commerce, Statistical Office, Mexico, D.F.

Table 26.—Total Number of Telephones in Use by States and Territories, 1959, 1961, and 1963

State or territory	1959	1961	1963
Aguascalientes	2,134	2,188	2,852
Baja California, N.	13,180	14,703	17,639
Baja California, S.[1]	(2)	(2)	(2)
Campeche	1,599	1,748	1,933
Coahuila	17,960	21,178	23,536
Colima	175	1,078	1,449
Chiapas	1,737	2,395	3,340
Chihuahua	13,208	16,761	19,423
Distrito Federal	262,506	304,859	351,643
Durango	3,776	4,648	5,458
Guanajuato	9,555	12,069	14,197
Guerrero	7,024	9,390	10,666
Hidalgo	3,282	4,296	4,988
Jalisco	22,639	26,682	32,476
Mexico	3,821	4,768	5,353
Michoacan	5,798	6,399	7,774
Morelos	6,376	6,961	8,370
Nayarit	884	1,192	1,549
Nuevo Leon	29,056	33,310	37,090
Oaxaca	609	2,346	3,036
Puebla	15,194	17,681	20,126
Queretaro	1,926	2,107	2,381
Quintana Roo[1]	(2)	(2)	(2)
San Luis Potosi	6,565	7,062	7,963
Sinaloa	6,395	7,878	9,792
Sonora	9,957	11,768	14,085
Tabasco	676	906	1,925
Tamaulipas	13,814	15,599	18,214
Tlaxcala	558	774	864
Veracruz	15,902	18,143	22,667
Yucatan	5,423	5,874	6,847
Zacatecas	1,359	1,434	1,676
Total	483,088	566,197	659,412

[1] Territory.
[2] Data not available.
Source: Ministry of Communications and Transport, Mexico, D.F.

SUMMER NOONTIME: Coatzacoalcos, Vera Cruz State, is located on the Coatzacoalcos River 1 mile from its mouth on the Bay of Campeche in the Gulf of Mexico. A highway, railway, and ocean port serve the city.

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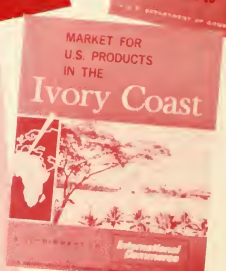

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